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NEWS SUMMARY

GENERAL

Afghan olive branch by U.S.

The U.S. offered the Soviet Union an olive branch over Afghanistan yesterday, when a senior Administration official admitted that Moscow has "a legitimate security interest" in the country.

The official was not named, but is believed to be President Carter's National Security Adviser Zbigniew Brzezinski.

He said the interest would be recognised if all Soviet troops were withdrawn from Afghanistan.

Moscow reacted with a barrage of criticism. Back Page

President Carter's arrival in Madrid for a 24-hour visit coincided with the explosion of four bombs in Alicante province by Basque separatist guerrillas. Page 2

New Times row

There is clear danger of further confrontation at the Times. The NGA officer with responsibility for Fleet Street said he had withdrawn from attempts to negotiate agreements between the union's chapels and the company. Page 9.

IRA man jailed

Brian Keenan, mastermind of the Provisional IRA's 1975 London bombing campaign, including the activities of the Balcombe Street gang, was jailed for 18 years at the Old Bailey.

£450,000 'refund'

Kathy Eastwood must repay A. King and Sons the £450,000 which the Norwich scrap dealers' former director and company secretary Ronald Travers gave her. Judge Mervyn Davies also ruled that she and her husband must pay interest on the money, as well as the Court costs.

Inquest verdict

Inquest verdict on 18-year-old recruit James Darkin, said to have been bullied by other soldiers at Northampton barracks, was that he killed himself.

Note of hope

Both sides in the BBC and musicians' dispute have agreed to separate meetings with the Advisory Conciliation and Arbitration Service.

Post-mortem

Post-mortem on nurse Helen Smith, who died in Saudi Arabia after falling from a flat during a party, was ordered tomorrow by Leeds' deputy coroner.

Early Wimbledon

Tennis at Wimbledon will start at noon instead of 2 pm today and tomorrow to try to clear the backlog of matches caused by continual rain.

Win for U.S.

Retired newspaper publisher Phil Weld became the first American to win the Observer Singlehanded Transatlantic Race in a record time of 17 days, 23 hours, six minutes. Weld, 65, in the trimaran Moxie, was the oldest competitor.

Scales of justice

Two High Court judges ruled that a goldfish is "a captive animal" and entitled to the law's protection. The case involved a goldfish said to have been left gasping for breath when its bowl was dashed on to the stage in a Cardiff theatre.

Briefly . . .

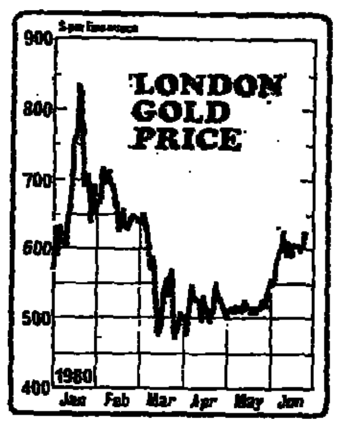
Five Wormwood Scrubs prisoners ended their rooftop protest against prison conditions.

Actor John Laurie, Private Fraser in BBC TV's Dad's Army, died in hospital, aged 83.

BUSINESS

Gold up $21; Gilts rise 0.13

● GOLD rose $21 in London to $625.5, its highest for more than two weeks. Page 31



● STERLING was steady, closing unchanged at $2.3360. Its trade-weighted index was also unchanged at 73.7. DOLLAR was slightly firmer, and its index was 83.6 (83.4). Page 31

● GILTS opened firm, but turned easier in the afternoon, with gains paired from ½ to ¼. The Government Securities index rose 0.13 to 69.78. Page 31

● EQUITIES followed gilts, and the FT 30-share index, up 5.0 at noon, finished 3.2 ahead at 465.9. The Gold Mines index advanced 19.1 to 343.6. Page 31

● WALL STREET was 9.82 up at 887.12 near the close. Page 34

● FRANCE approved a limited relaxation of its foreign exchange controls, while maintaining restrictions on short-term capital movement. Page 2

● FIAT, the Italian car corporation, is negotiating a venture with the French Peugeot-Citroen group to produce jointly about 1m engines a year. Back Page

● KUWAIT has taken a 10 per cent stake in Volkeswagen do Brazil — the West German vehicle manufacturer's key Brazilian subsidiary — for a sum understood to be $115m (£49.23m). Earlier story, Page 28

● BRITISH Shipbuilders may put some of its shipyard sworker on short-time because of a lack of public sector orders, and the effects of the steel strike. Back Page

● EUROPEAN Commission is assessing the chances of a negotated settlement backed by President Carter which would end the U.S. probe into alleged dumping by EEC steel makers. Page 4

● BRITISH PRINTING Corporation won the lion's share of a £126m seven-year contract to produce the TV Times. Page 6

● MARKS and Spencer is to restrict its clothing price rises to a maximum of 5 per cent this autumn, against an expected 12 per cent increase in general clothes prices. Page 6

● MOST UK groups with subsidiaries in West Germany intend to expand production in the country despite dissatisfaction with profit margins, a British-German Trade Council study shows. Page 4

COMPANIES

● LORD GRADE'S Associated Communications is to merge Precision Records and Tapes, its loss-making subsidiary, with RCA Records UK to form a home entertainment company. Back Page

● TRUSTHOUSE FORTE first-half pre-tax profits rose from £19.2m to £19.3m. Page 26 and Lex, Back Page

● FINANCE for Industry raised pre-tax profits for the year by £3.4m to a record £28.8m, with new investment at £278m (£243m). Page 24 and Lex, Back Page

Rolls-Royce and Vickers announce plan to merge

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

VICKERS AND Rolls-Royce Motors, two of the most famous names in British engineering took the City by surprise yesterday, by announcing that they planned to merge.

Initial reaction, however, was that the merger was a symptom of the weakness of both companies.

The terms of the merger are one Vickers share for two Rolls-Royce Motor shares. Vickers' shares were suspended at 129p and Rolls-Royce at 60p yesterday morning pending the announcement.

Vickers' shareholders will be asked to approve the merger and the increase of nearly £30m in Vickers' Ordinary stock at an extraordinary general meeting. Rolls-Royce Motor shareholders will be recommended unanimously by their directors to approve the proposals.

It was widely expected that Vickers would not make any major moves until it had reached agreement with the Government on outstanding compensation due to it from shipbuilding and aerospace nationalisation.

The move may come as a disappointment to those who had hoped that Vickers would move in the direction of a high technology acquisition

Rolls-Royce Motors has borrowed heavily to finance capital expenditure for the expansion of its two main activities — motor cars and diesel engines. The company's current debt is around £45m.

Sales of Rolls-Royces have been affected by the economic situation, particularly in the U.S., which accounts for between a third and a half of its total sales. Its diesel engine business was badly thrown off course last year by the cancellation of a big order tanks by Iran, the engines for which had been designed by Rolls-Royce Motors.

On the more positive side, a new Rolls-Royce car is due to be launched later this year, while a new series of engines based on the military engine developed for Iran are now being manufactured.

Longer-term prospects for these engines are good, although it could be at least a couple of years before they pay off financially. In the meantime, Rolls-Royce Motors will obviously need cash for the launch of its new car.

Sir Peter Matthews, Vickers' chairman, said yesterday he was hopeful that the compensation issue would be agreed with the Government before long.

Vickers also announced yesterday that it had completed the deal for the sale of part of its office equipment interests to CIT-Alcatel, the French electronics group. The deal has brought in £25m and cancelled borrowings of nearly £13m.

Vickers stressed that the prime reason for getting together with Rolls-Royce Motors was the need for engineering companies to be bigger and stronger so as to compete in international markets.

Sir Peter said: "The climate in mechanical engineering is severe and we are feeling the impact of Government policis. But we do not believe that the best companies, of which Vickers and Rolls-Royce Motors are examples, will flounder."

Mr. Ian Fraser, chairman of Rolls-Royce Motors, said: "We have been seeking for some time to broaden the portfolio of our relatively narrow base."

If the merger goes through, it will create a company with a turnover of £550m, and shareholder funds of £230m. The company will be known as Rolls-Royce Vickers. Its chief executive will be Mr. David Plastow, currently chief execu-

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Optimism on interest rates

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE GOVERNMENT believes the rate of monetary growth is coming under control and a cut in interest rates should not be delayed too long, senior Treasury ministers indicated yesterday.

Both Sir Geoffrey Howe, the Chancellor, and Mr. Nigel Lawson, the Financial Secretary, yesterday presented an optimistic view of recent monetary developments.

It would be misleading to read too much into any speech and both Ministers were non-committal about timing. But their comments are likely to boost rather than dampen speculation about the possibility of a cut in the Minimum Lending Rate in the next couple of months.

The debate on the issue is apparently finely balanced in the Treasury and the Bank of England. The Government is likely to want the mid-June banking figures before reaching a decision. A cut in MLR is unlikely in the next week or so.

In a speech to the Carlton Club Sir Geoffrey said: "Despite the somewhat disappointing figures for last month we are getting money supply under control. It would be wrong for me to talk of dates but everybody will share my anxiety that the period of readjustment should not be too long drawn out."

Mr. Lawson described recent monetary performance as "reasonably good" and said there was "increasing confidence and greater room for optimism on the monetary front than for some time."

The financial climate was also improved by the continuing fall in U.S. interest rates. "There is no case for taking ill-considered risks. But equally it would be wrong to think that monetary policy could be operated as if we lived in a world of perfect certainty."

Hopes of a cut in MLR have been one of the main reasons for the recent sharp rise in gilts prices. There is believed to have been substantial demand for the longer-dated of the two stocks offered yesterday—13 per cent Treasury 2000—with the possibility of further demand when dealings start this morning. There was probably much less interest in the 12¼ per cent Exchequer 1985.

All tenders for both stocks were allotted in full at the minimum tender prices of £98.25 per cent for the 1985 issue and £96.00 per cent for the 2000 loan.

Howe speech, Page 6

Wilson gives City a clean bill of health

BY CHRISTINE MOIR

SIR HAROLD WILSON'S committee on the financial institutions has given the City an almost clean bill of health over both its services to industry and its internal discipline.

Yesterday the institutions were congratulating themselves on having—as one banker put it —achieved a "clear round" after 3½ years of intensive study.

The report has three major themes: the supply of and demand for funds for industry; the balance of statutory and non-statutory regulation; and the increasing dominance of the institutions and the responsibilities this entails.

Underlying these is the spectre of inflation which imposes strains on the City as well as on industry.

"It is not the availability of external finance that has been the constraint on investment but the depressed level of demand and the low real level of profitability in relation to the perceived cost of capital," the committee concludes.

There is "no case for any significant shift in the balance of statutory and non-statutory" methods of regulation though some tightening up is needed particularly in bringing outsiders into self-regulatory bodies, it reports.

A key section, which may prove one of the report's enduring contributions, recommends that Government, the Bank of England and industry should experiment with issuing index-linked financial instruments to balance their inflation-fuelled liabilities.

The most important specific recommendations are:

● Banks and insurance companies should not be nationalised:

● Pension funds should be regulated by an Act enforcing disclosure and by a Code of Practice drawn up by the Occupational Pensions Board:

● Medium- and long-term contractural savings should all attract the same level of tax relief as life assurance policies:

● The building societies' cartel should be broken up and their composite tax rate benefits abolished:

● A new super-watchdog should monitor the financial institutions and report annually to Parliament:

● Institutions should underwrite a new long dated tender issue of gilts because "the present system is widely regarded as unsatisfactory."

The committee is deeply divided over whether industry needs a new £2bn a year investment institution able to provide funds not otherwise available.

Members' views range from a determined "not only misconceived but a waste of resources" to Mr. Clive Jenkins' "far and away the most important proposal in the report."

Otherwise, given the conflicting ideological standpoints of the 18-strong committee, there is surprising unanimity in the 518-page report.

City institutions yesterday were similarly unanimous in agreeing that the report contained much food for thought.

The Bank of England, which itself receives muted criticism, has welcomed some of the broad themes and notes that the recommendations need to be studied carefully but not in isolation.

Mr. Nicholas Goodison, chairman of the Stock Exchange, wants more time to study the recommendation that the SE should be formally ruled by the Council for the Securities Industry. But he is pleased that the report believes in self-regulation and considers the Restrictive Practices Court too narrow a forum for analysing the alternatives to the present securities trading system.

Mr. Martin Jacomb, chairman of the newly-constituted capital markets committee, is intrigued by the "interesting constitutional idea" of a new watchdog monitoring the self-regulatory sector but answerable to Parliament.

The National Association of Pension Funds, however, has voiced its opposition to the "statutory blunderbuss" proposed to enforce disclosure by its members.

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£ in New York

—	June 24	Previous
Spot	$2.3346-3354	$2.3420-3430
1 month	1.76-1.70 dis	1.64-1.58 dis
3 months	4.20-4.14 dis	4.48-4.42 dis
12 months	9.55-9.40 dis	9.90-9.70 dis

BP makes oil discovery near its Ninian Field

BY RAY DAFTER, ENERGY EDITOR

BRITISH PETROLEUM has found a potentially commercial North Sea oil field close to its big Ninian discovery.

An exploration well, sunk by BP and its partners on block 3/8, 100 miles north-east of the Shetland Islands, produced significant flows of oil at four depths.

The flow rates were 7,200, 4,900, 4,700 and 3,700 barrels of oil a day respectively.

BP said the well has been temporarily plugged as "a potential oil producer"—an indication that the discovery is almost certain to be exploited. The company said it was too early to estimate recoverable reserves.

It was thought in the industry the find would add substatially to the known oil resources in the area.

Its development might be linked with that of Chevron's Ninian Field, immediately to the north. Ninian, which has an estimated 1.2bn barrels of recoverable reserves, lies partly in the Chevron Group's block 3/3 and partly in the BP consortium's 3/8 concession.

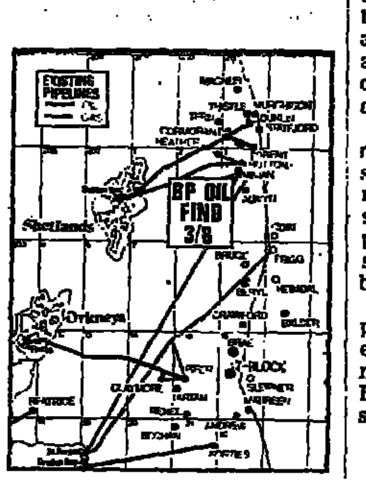
One production concept which will be investigated by BP and its partners—Rancer Oil and London and Scottish Marine Oil—will be the installation of a seabed well system, linked by pipeline to Ninian's southerly platform on block 3/8.

BP said the drilling rig Sea Conquest, which sunk the successful well, was being moved to Irish waters.

But the rig—Ocean Voyager —is drilling another well close to Ninian on behalf of the Chevron consortium. The rig is being used to evaluate South Ninian's oil structure which is thought to straddle blocks 3/7 and 3/8.

The latest well, numbered 3/8a-5, is being drilled very close to the boundary of the two blocks, between two wells which found oil in the mid-1970s.

The Chevron partnership comprises Chevron (part of Standard Oil of California), British National Oil Corporation, Deminex, Imperial Chemical Industries, Murphy and Ocean Drilling and Exploration.



● Phillips Petroleum said yesterday it was starting an exploration programme in the Porcupine Basin, off the west coast of Ireland. A well was being drilled 15 miles south-east of an uncommercial oil discovery made in October 1978.

Four to put $2 on a barrel

BY RAY DAFTER, ENERGY EDITOR

SEVERAL major oil exporters —among them Iraq, Kuwait, Libya and Venezuela—are expected to add up to $2 a barrel to their oil tariffs next week.

This new wave of increases will raise prices close to the ceilings agreed by the Organisation of Petroleum Exporting Countries earlier this month which were $32 a barrel for crudes similar to Saudi Arabia's light oil and $37 a barrel for the premium crudes produced in Africa.

Iraq is the first Gulf producer to notify refiners of the latest price increase, making it the fourth this year. Bahrah Light, Iraq's reference crude, will cost $31.96 a barrel which is 23 per cent more than at the end of last year.

Buyers of other Iraqi crudes, now priced between $28.65 and $31.50, will face corresponding increases. Iraq is OPEC's second biggest oil producer, accounting for around 3.3m barrels a day.

Venezuelan oil officials met Sr. Humberto Calderon berti, the Minister for Energy and Mones, on Tuesday night when, it is believed, they agreed that the country's prices would be raised by $2 a barrel. Venezuela produces a wide range of crudes, currently priced from $17.90 to $38.30 a barrel.

Two weeks ago Kuwaiti officials announced that they would be raising the price of their reference crude from £29.50 a barrel to $31.50 on July 1, in line with the OPEC agreement, and Libya is expected to add 28 cents a barrel, to $37, to the price of its premium crude.

The increases could add between $1 and $2 a barrel to the average OPEC rate of just under $32 a barrel. Such an increase would raise oil and retail prices in the UK by between 1.5p and 3p a gallon but much will depend on whether Saudi Arabia raises its crude oil rates.

However, the Saudi oil minister Sheikh Ahmed Zaki Yamani, has said that the kingdom would not necessarily raise its $28 a barrel marker price before September, although he did not rule out a more immediate increase of "a dollar or so."

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES:		
Treasury 13% 1990	£99½	+ ½
Avana	133	+ 5
BPB	213	+ 9
Barlow Rand	395	+ 25
British Home Stores	302	+ 8
Ferranti	567	+ 25
Giltspur	74	+ 9
Hall (Matthew)	235	+ 9
ICI	384	+ 6
ICL	143	+ 8
Kleinwort Benson	196	+ 12
Mothercare	266	+ 8
Powell Duffryn	200	+ 20
Revertex	50	+ 6
Rush & Tompkins	219	+ 7
Sainsbury (J.)	402	+ 7
Sidlaw	102	+ 6
Thorn EMI	287	+ 11
BP	384	+ 18
LASMO	735	+ 42
Ranger Oil	£13 1/16	+ 1
Doornfontein	696	+ 75
Haoma Gold	116	+ 28
Jones Mining	23¼	+ 6¼
Kinross	567	+ 37
Kloof Gold	£13¾	+ 1
North Kalgurli	89	+ 9
North West Mining	92	+ 19
Otter Exploration	90	+ 8
Poseidon	193	+ 17
President Brand	£16¼	+ 1¼
Saint Helena	£16¼	+ 1¼
Strata Oil	66	+ 28
Vaal Reefs	£27¾	+ 1¾
FALLS		
Distillers	197	− 5
Howden (A.)	100	− 6
Irish Distillers	75	− 7
Renwick	44	− 6
Tesco	56½	− 2¼
Greenvale Mining	145	− 10

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EUROPEAN NEWS

U.S. OFFER DESCRIBED AS 'DELIBERATELY VAGUE'

Russia rejects Afghanistan proposal

BY DAVID SATTER IN MOSCOW

THE SOVIET UNION yesterday implicitly rejected President Jimmy Carter's offer to study transitional arrangements for the withdrawal of Soviet troops and restoration of peace in Afghanistan.

The official news agency Tass described the proposal as "deliberately vague," saying its purpose was to give the impression that the United States wanted a settlement while relieving Washington of any need to reply to the proposals of the Soviet-supported government in Afghanistan.

The swift Soviet reply to Mr. Carter's proposal came amid a spate of Press commentaries on the troop withdrawal from Afghanistan which appeared to be preparing the ground for Soviet forces to re-enter in a short time.

The Communist party newspaper Pravda accused the U.S. of minimising and distorting Soviet peace proposals while intensifying support for "counter-revolutionary gangs" which were "invading Afghanistan from the territory of Pakistan."

At the same time, in a move which may signal intensified Soviet pressure on Iran, Pravda criticised the authorities there for allowing the town of Mashad in northern Iran to be used by Afghan rebels who, it claimed, were working with the U.S. Central Intelligence Agency.

The weekly New Times said that Soviet troop withdrawals from Afghanistan showed that a political settlement of the crisis was possible but it accused the instigators of the "anti-Afghan fuss" of intensifying aid to the "counter-revolutionaries" and creating a pile of lies "taller than the Hindu Kush mountains" to justify it.

The Pravda commentary said that the U.S. was the main supplier to the rebels and the dismissive U.S. reaction to the Soviet peace move had been matched by an "invigoration" of hostile activities, including the provision of Anti-aircraft and anti-tank weapons, firearms and ammunition.

Tass said the success of the Socialist revolution in Afghanistan was "irreversible" and Pravda promised that Soviet forces would remain in that country until the Afghan Moslem revolt was supressed.

"Democratic Afghanistan has true friends," the newspaper said. They had proved their solidarity and "will continue helping Afghanistan to uphold its freedom and independence, sovereignty and territorial integrity."

NATO ministers look for Soviet 'face saver'

ANKARA — Armed with a dismal appraisal of the effect of strong talk on the Soviet Union, Foreign Ministers of the Western alliance began looking yesterday for concrete diplomatic and military steps to convince the Russians to withdraw from Afghanistan.

The need for action was the dominant theme of the first full meeting of the 15 North Atlantic Treaty Organisation ministerial council since the Soviet invasion last December.

Among proposals said to be circulating was a Western aid plan for the Afghans fighting Soviet troops.

The ministers also were said to be discussing plans, similar to that proposed in Madrid by President Carter, to offer the Soviet Union a face-saving way of withdrawing its troops by installing some kind of "transitional" government in Afghanistan.

"I am not optimistic that the Kremlin leaders will respond positively to the pressures of world condemnation," Gen. Joseph Luns, the Nato-Secretary General, said.

"The alliance is now called upon to take the political and military measures required to maintain a global deterrence," he said.

Mr. Edmund Muskie, the U.S. Secretary of State, called for "a concerted and sustained allied response" and said: "We must make unmistakably clear that aggression will be firmly opposed."

Meanwhile, efforts were being made to strengthen the alliance and clear up some of the nagging disagreements between members.

Herr Hans Dietrich Genscher, the West German Foreign Minister, met Mr. Muskie to discuss proposals to deploy tactical nuclear missiles in Western Europe in the mid-1980s.

There has also been continuing pressure on Belgium to allow missiles on its soil and the Ministers apparently repeated their desire for Belgium to make a quick decision.

Mr. Muskie also met Turkish and Greek leaders separately on Tuesday in what amounted to an informal mediation of their long-standing dispute over access to Aegean airspace and waters, and control of Cyprus. Greece has been outside the NATO military command since 1974 to protest Turkish occupation of Cyprus, but said recently it is willing to negotiate a return to the military wing of the alliance.

A U.S. spokesman said of Mr. Muskie he has "the clear impression both sides seek to settle the problems between them."

The Turkish Prime Minister, Mr. Suleyman Demirel, also told the public session that "special attention should be paid in our defence efforts to the needs of the southern flank."

AP.

Carter supports Spanish bid to join alliance

BY OUR MADRID CORRESPONDENT

PRESIDENT CARTER yesterday gave firm but careful endorsement to Spanish membership of NATO. Speaking at a lunch in his honour here given by King Juan Carlos on the first day of a 24-hour visit the U.S. President went further than any other Western leader in supporting Spain's active participation in the "collective defence of the West."

He said that Spanish ministers had "repeatedly made it clear that Spain stands side by side with other Western democracies as a full member-to-be of the European and Atlantic communities." Noting U.S. pleasure at Spain having begun negotiations to enter the EEC, he added: "Similarly, we hope that Spain will see its own interests served by participating in the collective defence of the West."

However, he recognised that Spain had to make this decision itself "in its own time

NATO has become a major issue here in the past two weeks following an unambiguous commitment by Sr. Marcelino Oreja, the Spanish Foreign Minister, to seek membership of the alliance early in 1981. By pushing the NATO issue to the fore, the visit of President Carter has been transformed from its original conception as a courtesy visit tied in with his own electoral needs of drumming up the Spanish-speaking vote.

Sr. Suarez (left) greets Mr. Carter at the airport.

The main opposition Socialist and Communist parties are opposed to NATO membership. The Socialists in particular want to see a continuation—but in new form—of the bilateral defence treaty signed by the U.S. with Spain in January 1976. This is due to expire in 1981.

President Carter referred to this saying: "We will begin a review this year of the security relationship that has served well the interests of both our countries and that will continue to serve our joint interests for many years." This underlines the U.S. concern for the treaty to be renegotiated in the context of Spain's membership of NATO.

Both in his discussions with Sr. Adolfo Suarez, the Prime Minister, and in his private meeting wgith Sr. Felipe Gonzalez, the Socialist leader, Mr. Carter is expected to expand further on this theme. He has deliberately avoided any meeting with Sr. Santiago Carrillo, the Communist leader.

The Spanish Government is anxious for a more equal bilateral defence arrangement. This could include the reduced use or closure of the main U.S. air base outside Madrid at Torrejon, plus increased economic and technical assistance in the military sphere. Spain is also in the final phase of selecting a new combat aircraft. The choice has narrowed between the U.S.-made F-16 or F-18.

Sr. Suarez is also expected to press for a more balanced trade relationship. The U.S. absorbs almost 7 per cent of Spanish exports worth \$1.3bn, but U.S. sales to Spain total \$2.4bn primarily comprising foodstuffs, plus arms and nuclear equipment.

Finally President Carter said in his speech yesterday that he was anxious to listen ot Spain's view of the Middle East and Latin American areas where, he said, Spain had valuable advice to give.

The last U.S. presidential visit was by President Ford in June 1974. Yesterday President Carter was fullsome in his praise of Spain and its consolidation of democracy.

Basques bomb coastal resorts

By Robert Graham in Madrid

THE MILITANT Basque separatist organisation, ETA, yesterday followed up its threats to the Spanish tourist industry by exploding two bombs in the coastal resorts of Alicante and Javea.

Warnings were given to a Basque radio station and the bombs exploded without causing any injuries.

After an anonymous caller also warned that two further bombs would go off later in the day in the same region, security forces evacuated much of a holiday housing estate at Javea.

In an unrelated incident, an executive of the Michelin plant at Vitoria in the Basque country was shot dead by an unidentified gunman. The action is presumed, however, to be the work of the hard-line military wing of ETA and connected with almost continuous labour disruption inside the Vitoria plant.

The French concern has refused to pay "revolutionary" taxes and has sought to dismiss ETA sympathisers among the work force.

The bombing campaign of coastal resorts is being conducted by the political military wing of ETA, which has sought to stop short of killing. Last summer, in a similar bombing campaign of Mediterranean resorts, two people were injured in 14 incidents.

But in extending the campaign last July to Madrid's International Airport and a main railway station, seven people were killed and more than 100 injured in bomb blasts.

Yesterday's bombs exploded after ETA had prolonged a deadline set on Sunday to noon on Tuesday. An ETA communique said that the bombing campaign would continue until Madrid satisfied a series of demands, including the release of 18 prisoners alleged to be members of ETA, and agreed a timetable for the incorporation of Navarre province into the newly-established autonomous Basque region.

One bomb yesterday exploded in the luxury Melia Hotel in Alicante. The device was placed inside an air conditioning unit in an upper room of the hotel. The other bomb was planted in the garden of a Basque family's holiday house at Javea.

Work to resume on Irish alumina plant

WORK WILL resume soon on Alcan's Ir£330m (£299m) alumina project on Aughinish Island outside Limerick. Work on what is the largest single foreign capital investment in the country stopped two months ago. Management said the project had become unmanagable because of frequent unofficial strikes, writes Stewart Dalby

A new agreement provides for substantial productivity bonuses.

France eases strict exchange controls to boost exports

BY ROBERT MAUTHNER IN PARIS

THE FRENCH Government yesterday approved a limited relaxation of its stringent foreign exchange controls, while maintaining current restrictions on short-term capital movement to prevent possible speculation against the franc.

M. René Monory, the Economics Minister, emphasised that the new measures were aimed essentially at boosting the competitiveness of French exporters and to provide French companies with the same protection against fluctuations in raw material prices as their foreign competitors.

Among the main measures announced yesterday is the abolition of the time limit for forward foreign exchange cover of purchases of raw materials, which currently varies between six and 12 months. In future, importers of raw materials can provide themselves with forward cover for as long as they want.

French exporters of consumer goods will henceforth be authorised to open bank accounts abroad in which they can accumulate their earnings in any particular country, instead of being obliged to repatriate them for every transaction.

These accounts can be used for local payments as well as for deposits, up to a limit of 5 per cent of the export receipts deposited in them or FFr 30,000 (about £3,100) per month.

While foreign buyers are presently obliged to settle all their payments for purchases of French goods by bank transfers, they have now been authorised to use all other means of payment, including cheques, for amounts up to FFr 50,000. Cheques can also be used for payments exceeding this amount, on condition that this means of payment has not been solicited by the exporter.

Another important new provision is the raising of the threshold for import and export transactions which must be domiciled in French banks. Up to now, all operations exceeding FFr 50,000 had to go through the banks. This threshold has now been raised to FFr 125,000, thus substantially reducing the administrative formalities involved in import and export operations.

According to M. Monory, only 5 per cent of France's total volume of imports and exports will now be subject to this procedure, representing 48 per cent of the total value of imports and 32 per cent of the value of exports.

The regulations covering direct foreign investments in France and direct French investments abroad have also been modified. In both cases, the minimum investment for which official authorisation is required has been raised from FFr 3m to FFr 5m. The threshold below which non-residents can create individual companies without authorisation has been raised from FFr 1m to FFr 5m.

The setting up of property companies, by non-residents, as well as the purchase of shares in such companies, has been completely liberalised, and will require only a declaration in future.

M. Monory said that there was no question of allowing French banks full freedom to give franc loans to non-residents, since this could lead to the building up of large French currency balances abroad and thus open the door to speculation against the franc.

But the authorities would continue their present policy of examining demands for franc loans by non-residents on a case-by-case basis.

Foreign exchange controls have also been relaxed slightly for individuals. Non-residents living in France will be able to contract franc loans to cover their expenses inside the country and will be able to credit their non-resident bank accounts with cheques made out by residents up to the ceiling of FFr 3,000. The weekly limit for credit card cash withdrawals abroad has been raised from FFr 1,000 to FFr 2,000 and frontier workers will no longer be obliged to repatriate most of their wages earned abroad.

Western energy research 'will fall'

By Terry Dodsworth in Paris

TOTAL RESEARCH expenditure on the development of new energy sources to replace oil is likely to fall in the Western industrialised nations during the next 12 months or so.

This forecast was given yesterday by Dr. Donald Kerr, chairman of the International Energy Agency's research development and demonstration committee, who expressed concern at cuts in spending on energy research programmes in the U.S. and West Germany. Efforts would have to be stepped up, he said, if the West were to reduce its dependence on oil along the lines recently emphasised at the Venice summit conference.

Dr. Kerr, who is also director of the U.S. Los Alamos Scientific Laboratory, was speaking after the publication of a report which showed that government spending on energy research in the 21 IEA countries went up by 130 per cent over the past five years. Last year alone it rose by 24 per cent —or 13 per cent in real terms —to \$7bn. Only Canada and the UK reduced their commitment.

The UK, the report adds, is now conducting less energy research and development in real terms than in 1974. But Dr. Kerr emphasised that the main cause of the expected decline in aggregate spending among the IEA countries was the limitation of the U.S. budget to about the same amount as last year. In 1979, the U.S. committed \$3.8bn to its energy research programme, thus accounting for more than half the IEA total.

Some of the U.S. cutback is being caused by a shift to the commercialisation of new alternative energy techniques, such as the recently announced \$20bn synthetic fuels project. The IEA believes, however, that research and development programmes need to be maintained alongside the commercial projects. It also calls for stronger conservation efforts.

Approval likely for EEC budget

BY JOHN WYLES IN BRUSSELS

THE EUROPEAN Community's institutional battle over the shape of its 1980 budget should move towards a cease-fire today, when the European Parliament will begin to debate its verdict on a revised draft budget agreed by EEC Governments.

Although the end of the struggle between the Parliament and the Council of Ministers, which share budgetary authority, is cleary in sight, there may still be a further period of "phoney war," if Euro MPs vote amendments which are being suggested by the Parliament's budget committee.

Having led the revolt, which culminated in last December's rejection of the 1980 draft budget, the committee is anxious to secure some cosmetic changes. The Parliament is clearly prepared to assert itself in one of the few areas where it has power over community activities.

Not all of the committee's proposals would necessarily provoke strong enough objections from the council to delay formal adoption of the budget by a parliamentary vote tomorrow. But it will not be clear whether the council will insist on giving a "second reading" to strike out any unacceptable amendments until its opinion is given today by Sig. Carlo Fracanzani, Italy's Treasury Minister, who will represent the council at today's special session.

In an attempt to satisfy the parliament's demands for more non-farm spending, the council is proposing to increase regional, sovial and other spending by £147m (240m units of account) more than offered in the rejected budget. But the budget committee issued a modest challenge this week by adding another £10m (17m units of account) to this part of the budget.

How West Germany's Ecologists could bring Strauss to power

BY ROGER BOYES IN BONN

DO THE Greens, West Germany's small but noisy ecology movement, post a real political threat to Chancellor Helmut Schmidt?

At the party's pre-election conference last weekend, it was difficult to see how the motley collection of anti-nuclear activists, women's libbers and elderly nature lovers could threaten anybody. Indeed, the one threatening moment was when a score of protestors occupied the main podium and demanded that children, like the Palestinians, should be given the right to self-determination.

The Greens, however, are taken very seriously indeed by the main political parties, especially the ruling coalition of Social Democrats and Free Democrats. The fact of the matter is that the Greens, by undermining the already vulnerable position of the Free Democrats, could be instrumental in bringing Herr Franz Josef Strauss and the opposition Christian Democrats into power.

The Ecologists' decision at the weekend to stand at the national elections spells trouble for the coalition. The accepted wisdom is that there is room in the Bundestag (the lower house of Parliament) for only three active parties—the Social Democrats, the Free Democrats, and the Christian Democrats, with their Bavarian affiliate, the Christian Social Union. If the Greens manage to win the 5 per cent needed for parliamentary representation, it could well be at the Free Democrats' expense.

The North Rhine Westphalia state elections last month saw the Free Democrats win only 4.9 per cent of the vote, thus failing to get into the state Parliament. The Greens also failed, but with 3 per cent of the vote they were only a few thousand votes short of the Free Democrats.

The factor which really decided the Ecologists to contest the national elections in October was the party's performance in Baden Wuerttemberg in March. There they won a remarkable 5.3 per cent of the vote, capturing six seats in the state Parliament. They have also won state Parliament seats in Bremen.

But even if the Greens do not win 5 per cent, a few percentage points drawn from disaffected Social Democrat and Free Democrat voters could be enough to torpedo the coalition.

The coalition is pinning its hopes on two main factors to prevent this happening.

First, the Social Democrat campaign in North Rhine Westphalia drew much of its strength from the "stop Strauss" slogan. There is a great deal of antipathy to Herr Strauss in the industrialised Ruhr region and in other parts of Northern Germany. First-time voters, according to opinion polls, are also unlikely to vote for Herr Strauss. They will be deterred by his combative Bavarian manner and his chequered political past. The Social Democrats won an absolute majority in North Rhine Westphalia on the strength of the "stop Strauss" campaign, and there are signs that the Free Democrats will also become sharper towards Herr Strauss.

This leaves the Greens in a difficult position. The last thing they want is a Chancellor Strauss. They are not very keen on Chancellor Schmidt either, but as long as the coalition plays the "Schmidt or Strauss" card, the Greens will have problems persuading the electorate that they are not throwing away their votes.

The Greens' main strength is at the local council level, where it can effectively challenge plans to build nuclear power stations or motorways. This wins it support from both radicals and from conservative voters, who are reluctant to see their region transformed by massive construction work.

The party's success at the state Parliament level is an extension of this, with a "protest vote" added. Thus, in the Baden Wuerttemberg elections, Christian Democrat-controlled constituencies often yielded high support for the Greens—not because the Christian Democrats have a natural affinity with the Ecologists, but because a vote for the Greens was the best way of showing displeasure.

The problem is that these components do not translate well into national policies, particularly when the overriding election issue is one of personality—Herr Strauss or Herr Schmidt—rather than policy. When the crunch comes, the Greens' groundswell of support is more likely to drift to the coalition parties in October simply to keep Herr Strauss out of the Chancellery.

That, at any rate, is what the coalition parties are praying for. The second principal factor at work is the heterogeneous make-up of the Greens.

The "Greens" include former Christian Democrats and exiled East German Marxists. They pose a real, if motley, threat to Chancellor Schmidt.

This has unquestionably caused the Greens great difficulties in such fundamental matters as the drawing up of the election programme. Last weekend's party conference ended with a declaration that the Greens "rejected the growth, economic and social policies of capitalism as well as any form of (East European-style) socialism."

The reference to East European socialism was put in at the insistence of the former Christian Democrat politician, Herr Herbert Gruhl, who heads one of the strongest Ecologist factions, the "Green Action for the Future (AZ)."

It is understandable enough that the Greens should want to be even-handed in their rejections—but it has to be borne in mind that another leading "Green" is Herr Rudolph Bahro, the East German Marxist philosopher who was expelled to the West last year.

But the split in the party goes beyond the simple left- and right-wing categories. There is a fundamental disagreement about the party's ultimate aims. There is, for example, a strong body of support for zero growth policies, but the more pragmatic wing of the Greens believe this would make it impossible to pay for comprehensive protection of the environment. Moreover, the Left-wingers from the unions insist that zero growth is untenable because of the impact on employment, while the more idealistic Left-wingers stress that "capitalist growth policies" will inevitably lead to the use of nuclear power.

Most of the party agrees that nuclear power is a bad thing. The party believes in the use of "regenerative" energy sources, such as wind, water and sunshine.

But it is difficult to see how a Germany run on wind and water will be able to sustain the election programme's other goals—a 35-hour working week and optional retirement at 55. The Christian Democrats have calculated that, if retirement at 55 were implemented, the state would have to pay an additional DM 30bn (£7.25bn) in pensions and benefits.

Can a party, subject to so many centrifugal forces, really be a serious election contestant?

The fact is that the Greens measure their success in rather different terms than the other parties. They feel that if their activities persuade the established parties to re-think their energy and environment policies, and their general attitude to young voters, that that too can be rated as a success.

The physical handicaps confronting the party—a poor national infrastructure and very limited funds—mean that the Greens will probably have to be content with a role as an influential pressure group, at national level, and as a type of citizens' initiative party at the local level.

Even so, a vote of 3 to 4 per cent for the Greens and the ousting of the Free Democrats is still a real possibility. If Chancellor Schmidt secures an absolute majority in October he will, of course, stay in power, albeit under increasing pressure from his Left wing. But if the Social Democrats fail to secure an absolute majority, and the Free Democrats fail to clear the 5 per cent hurdle, the next German Chancellor will be called Herr Franz Josef Strauss.

And the Greens, the refuge of Marxist philosophers and former student radicals, will have made a significant contribution to his victory.

Herr Herbert Gruhl, above, chairman of "Green Action for the Future," one of the strongest Ecologist factions, may help to elect Franz Josef Strauss, below, as Chancellor. That is the last thing the Ecologists want.

Experts divided over need for nuclear power

BY OUR BONN STAFF

WEST GERMANY should be able to reduce its oil dependency radically in the coming years and still manage without nuclear power, according to a detailed study released by a Frieburg-based research institute.

However, other researchers from the IFO institute have issued a report yesterday suggesting that, although the country must lessen its dependence on oil, nuclear power is unavoidable. More than 50 per cent of its energy needs are met by imported oil.

This sharp disagreement comes at a time when the Government has promised, along with the other leading Western nations, to reduce the West's average oil consumption from 53 per cent to 40 per cent of total energy used. It is intended to achieve this by doubling coal output by 1990, by increasing nuclear energy and by exploiting alternative energy sources.

This has long been the Bonn Government's view but it has had trouble commissioning new power stations because of the opposition of local ecological groups. The Freiburg Oeko institute, however, suggests that a more rational use of energy saving and insulation techniques in the home, industry and transport would be able to reduce total West German energy needs by the year 2030 to 60 per cent of the present figure.

That would allow the country to phase out nuclear power and to remove most of its dependence on oil. Coal and coal gasification, solar, biomass and other energy sources would be enough to sustain reasonable growth—that is, an anticipated doubling of the GNP between now and 2030.

IFO, taking a shorter-term view, sees no way of avoiding either oil imports, albeit significantly reduced, or nuclear power. However, it stresses the need for a rapid diversification because of six principal threats in the 1980s: OPEC is unlikely to raise oil exports; the Comecon countries could well become net importers of crude; oil exploration will not keep pace with consumption; investment in new energy sources need a long time to mature; and energy saving programmes still have too many loopholes.

The IFO figures indicate that the best way to save oil is in the private sector, especially in home heating, which accounts for 54 per cent of all light heating oil used in the country. IFO stresses the potential of a concerted switch to public transport as, this year, some 80 per cent of all petrol is expected to be sold to private individuals.

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Thailand's armed forces are no match for the battle-hardened legions of Hanoi, writes **David Dodwell** in Kuala Lumpur

Vietnam's assault brings threat of wider war

EVER SINCE the 15-day blitzkrieg 18 months ago when Vietnamese troops swept into neighbouring Kampuchea, overthrowing the bloodthirsty regime of Pol Pot and installing its own puppet Government, Hanoi has assured the world it would always respect Thailand's territorial integrity.

The incursion at sunrise on Monday morning totally undermines what little credibility the Vietnamese Government had. As such, it raises the possibility that the Vietnamese may have wider territorial aims than simply that of occupying Kampuchea.

Even those who harboured hopes of slow progress towards a political settlement now recognise that the risks of a military confrontation have risen dramatically.

South-East Asia remains a focus of the Sino-Soviet conflict. Vietnam's 200,000 troops in Kampuchea are backed by massive Soviet subsidies as a means of checking the spread of Chinese influence. Another Vietnamese assault carries with it the risk of a clash between the two competing giants of the Communist world.

Reports from the Thai border are still confused and conflicting. Mr. Nguyen Co Thach, Vietnam's Foreign Minister, said from his beach retreat in Bali that the Vietnamese army had not crossed into Thailand at all.

His claim has credibility only because the border between Thailand and Kampuchea is for long stretches poorly defined. But the border village of Noon Mark Moon—or what remains of it after the Vietnamese artillery barrage—was indisputably Thai territory, as were two other nearby villages held for 24 hours by Vietnamese troops.

It is still far from certain that Vietnamese troops have withdrawn on to Kampuchean territory along the 50-mile stretch of border that was the setting for Monday's fighting. But, after the assault, the most important question for the Thai military command is whether the Vietnamese had just completed a limited offensive—similar perhaps to China's "lesson" to Vietnam in May last year, when they wreaked extensive damage to Vietnam's northern border region—or whether it was the start of a more ominous offensive.

It is impossible to reach firm conclusions on the basis of information to hand. The 2,000 or more troops which crossed into Thailand are entrenched along the Kampuchean side of the border. A further 10,000 troops are understood to be close behind as a reserve force.

Large-scale movements further into Kampuchea, involving perhaps 30,000 troops, have been reported. But Thai intelligence reports implied that these troops were gathering for an assault on isolated trongholds of Khmer Rouge - guerrillas known to be hidden in the rugged mountains south of the Thai border town of Aranyaprathet.

Sporadic firing continues across the border, with Thai aircraft making occasional swoops over Vietnamese troop concentrations along the border. It is uncertain how long this uneasy truce will be maintained.

It is possible that the Vietnamese aim was simply to preempt the Thai Government's decision to begin voluntary repatriation of Kampucheans living in the rain-sodden camps inside Thailand. If this was the intention, it has been completely effective. The Thais insist that voluntary repatriation will continue. But who will now voluntarily walk into Vietnamese trench emplacements.

It is possible that the main Vietnamese aim is to swoop against Khmer Rouge strongholds inside Kampuchea. It would certainly be necessary to seal off the border if such an operation was to mounted, because Khmer Rouge guerrillas in the past have quickly sought refuge in Thailand when faced with Vietnamese troops

The assualt creates a dilemma for the Thais. Militarily, they are no opposition for the battle-hardened Vietnamese divisions facing them. Diplomatically, there is hardly any pressure they can bring to bear.

In any case, they are reluctant to respond until they are sure of the Vietnamese motive. The overriding reason seems to have been vehement opposition to the Thai policy of voluntary repatriation initiated only a week ago. The Vietnamese leadership, may simply have felt a show of force was needed. There is a good reason to believe they wanted to clean up the border before the summer rains make military operations in the area impossible.

There seem to be few rational reasons for going further and mounting a substantial invasion. While the Thais are no military match, they would not be as easy a prey as the Khmer Rouge Government in January last year.

Similarly, a major attack on Thailand would probably draw the United States, and perhaps even the Association of South-East Asian Nations (ASEAN)—Malaysia, Singapore, Indonesia and the Phillippines—as well as China into the military conflict. Even the belligerent Vietnamese must balk at that.

Vietnamese military resources are already stretched, and to expand supply lines to support troops deep in Thailand would prove daunting.

But the Vietnamese are not renowned for their rationality. To attack now, as ASEAN Foreign Ministers meet in Kuala Yumpur, is nothing short of foolhardy. It was widely believed that the ASEAN ministers were split over proposals to reach some kind of compromise with the Vietnamese. The attack has preempted any chance of appeasement, and thrown to the wind any prospect of dissent between the five ASEAN countries.

Perhaps Mr. Sinnathamby Rajaratnam, Singapore's hawkish Deputy Prime Minister, was right when he said yesterday: "These are men who are no longer in control of events. Surely if they were going to do this they might have waited until this conference of ours had finished?"

From a Vietnamese point of view, the attack might make sense for two reasons. There is good reason to believe the refugees likely to return to Kampucha under the voluntary repatriation scheme were strong Khmer Rouge supporters.

Despite Thai claims that the refugees had been sent back now so that they could plough their fields, it is more reasonable to presume that the majority were returning to fight.

Of the 5,000 refugees to return to Kampuchea by Monday, at least 4,000 had come from Sa Keao camp, well known as a Khmer Rouge camp. There were reliable reports of coercion inside the camp by Khmer Rouge leaders. Any Sa Keao refugees who choose not to return are being taken to the nearby Khao-i-Dang camp by Thai military for their own safety.

A second cunning reason for an offensive is that the rainy season, now three weks old, is traditionally the time when contending forces in the area reorganise and lick their wounds. It is usually the season of words and diplomatic manoeuvring. The attack not only has the quality of surprise, but it prevents the Khmer Rouge guerrillas inside Kampuchea from recouping and consolidating their positions.

Whatever the motives, the Vietnamese have demonstrated yet again that they have scant regard for world opinion or for the value of discussion. They are remorselessly committed to staying in Kampuchea, and none can be in any doubt that they will back their commitment with force.

Their major fear must be of growing disaffection inside Kampuchea, and of dissillusion among troops who may by now be battle-weary. They are only tolerated by the Khmers, traditional enemies of the Vietnamese, because they were, and still are, marginally preferable to the genocidal regime run by Pol Pot.

The Khmer Rouge forces still inside Kampuchea, said to number just 30,000, are bound to become the focus for disaffection. They have scant support in the villages, where they continue to maintain control by terror, according to journalists who have recently travelled through western Kampuchea.

But, in time, they could recover respectability as freedom fighters. Khmers could quickly flock to their banner as they become more disillusioned with the Heng Samrin regime kept in power by Vietnamese military might.

While the Kampuchean economy remains in chaos, with endemic food shortages and widespread malnutrition and starvation, there is scant chance of greater sympathy for Heng Samrin or his Vietnamese paymasters.

There has been constant speculation in Bangkok since January about the likelihood of a Vietnamese assault on the Khmer Rouge. There has been a steady trickle of reports of substantial troop movements, and of arms and other military supplies being moved closer to the border. Perhaps the Vietnamese felt they had prompted the Kampuchea-watchers in Bangkok to cry wolf too many times for anyone to read anything sinister into the latest troop movements.

Vietnam-led troops dig in near Thai border

BANGKOK—Vietnamese-led troops dug into new positions along Kampuchea's border with Thailand yesterday, after a two-day raid into Thailand which left scores dead and wounded, and sent thousands of refugees fleeing.

Military officials said about 2,000 troops took up positions across the frontier from two refugee camps. Diplomats said some of the returning troops, who had penetrated about two miles inside Thailand, were moving northwards towards a base of guerrillas loyal to the ousted Khmer Rouge Government.

They said this could be the next target of the operation that has so far been conducted along a 65-mile stretch of the Thai-Kampuchean border. Other troops were headed for another Khmer Rouge base further south.

The Hanoi-backed Government in Phnom Penh blamed Thailand for the fighting, saying it had infiltrated non-Communist guerrillas into Kampuchea to fire on border guards, supported by Thai aircraft, artillery and armour.
Reuter

AP adds from Kuala Lumpur: Foreign ministers of the five ASEAN nations yesterday denounced Vietnam's incursions into Northern Thailand.

"The peace and stability of our region (is) being threatened by the continuing conflict in Indochina. We face in particular a tense situation along the Thai-Kampuchean border." Malaysian Foreign Minister Ahmad Rithauddeen told the opening session of the two-day meeting.

The ministers made last-minute revisions to prepared speeches to include references to reports of fighting along the Thai-Cambodian border.

The conference's draft communiqué calls for a political solution to the Cambodian conflict and the immediate and total withdrawal of Vietnamese forces.

"Whatever may be the causes, Malaysia looks upon this armed intrusion into Thai territory as an irresponsible and dangerous act," Mr. Hussein Onn, Prime Minister of Malaysia, said

New Chinese overture to India

BY TONY WALKER IN PEKING

CHINA HAS released a conciliatory commentary on the state of Sino-Indian relations, in the wake of a visit to Peking this week by Mr. Eric Gonsalves, India's Foreign Secretary.

The Chinese commentator said there was no fundamental conflict between the two countries, even though territorial differences remained. Efforts to improve relations with India are part of of a general diplomatic offensive which China has engaged in recently, to make new friends or restore relationships with old ones.

China and India had enjoyed friendly relations in the 1950s despite a border dispute, he pointed out. But until the boundary question was settled, both sides could maintain the status quo, while developing friendly co-operation in all fields.

Mr. Gonsalves left Peking on Tuesday after several rounds of talks with Chinese officials, including Vice-Premier Ji Pengfei and Han Nianlong, Vice-Foreign Minister.

The tone of the commentary suggests progress was made towards further upgrading the relationship between the two countries. Relations were virtually suspended for more than a decade after the Sino-Indian border dispute flared into open conflict in 1961, and were only restored to ambassador status in 1976.

India has reacted cautiously to the Chinese overtures. Indian diplomats said the Chinese proposals were being studied and would form the basis for discussions between Mr. Rao, the Indian Foreign Minister, and Huang Hua, the Chinese Foreign Minister, when they meet in New Delhi later this year.

Tension in Bahrain follows Shia arrests

BY OUR FOREIGN STAFF

A POTENTIALLY explosive situation is building up in Bahrain, following the arrest in the early hours of Sunday morning of more than 50 members of a Shia religious society, Al Sanduq al Husseini.

Efforts by relatives to see the detainees or to obtain their release have so far proved fruitless.

The arrests followed demonstrations during the previous week, ostensibly to mark the end of 40 days' mourning for a Shia leader alleged to have been killed in Iraq.

But many moderate Shia dissociate themselves from such demonstrations, which they say have nothing to do with religion.

Gangs of stone - throwing youths have been quickly cleared from the streets by police using tear gas. It is not clear whether the boys and young men arrested on Sunday have been involved in violence, but a friend of one of them says Al Sanduq Al Husseini is strictly non-political.

Its purpose was to publish religious articles and call meetings in the mosques during the month of Ramadan which this year is in mid-July, and during Muharram, in which Shias mourn their prophet Hussain ad re-enact his death.

Dissatisfaction among sections of Bahrain's Shia population, who make up just over half the total, is not of recent origin although uSnday's police action may bring it to the surface.

Permission was granted by the Prime Minister last month for private negotiations to be held between Sunni and Shia leaders. About 16 people were involved, and the Shia representative explained their grievances.

Among other matters, they asked for the release of all political prisoners, a number of whom have been detained since the dissolution of the National Assembly in 1975, and complained of harsh treatment from the police.

A man present at the meeting said although they were Shia who regarded Ayatollah Khomeini as their Imam, they were Arabs who did not wish to be associated with Iran. One complaint was that they were "treated like foreigners."

Students—both Shia and Sunni—are also said to suffer considerable harrassment from Customs officials when they return from university abroad.

AMERICAN NEWS

Carter's support drops near previous lowest point

Opinion poll gives Reagan a large margin

By Jurek Martin, U.S. Editor, in Washington

RIDING HIGH: Mr. Reagan at his California ranch.

DWINDLING PUBLIC confidence in President Jimmy Carter's management of foreign policy has helped Mr. Ronald Reagan to open a useful lead over his likely Democratic rival, according to a major public opinion poll published yesterday.

The CBS News/New York Times survey, conducted within the last week, found only 20 per cent approving the President's handling of foreign policy and only 30 per cent his general performance in office. Both figures are near the low point of his Presidency, reached before the diplomatic hostages were seized in Iran last autumn.

Translated into electoral terms, the poll gave Mr Reagan a 47 to 37 per cent lead over Mr. Carter in a two-man race. Extending the field to include Mr. John Anderson, the independent contender, Mr. Reagan had 41 per cent, Mr. Carter 30 per cent and the Congressman from Illinois 18 per cent.

The previous poll, taken in April, gave Mr. Reagan a tiny 44-43 per cent edge over Mr. Carter, but the President a 35-34-18 margin in a three-horse contest.

The margin revealed in yesterday's poll is bigger than that discerned by other national polls, though the Anderson factor remains fairly stable at about 20 per cent. The CBS/New York Times survey also found about half the population dissatisfied with the Reagan-Carter alternative and more than 40 per cent still disenchanted after Mr. Anderson's name was added.

Mr. Robert Strauss, the President's campaign manager, was unmoved by this yesterday and predicted that Mr. Reagan would widen his lead during the summer, before falling back as the election drew closer and as the public focused more on the Republican candidate's position on the issues.

The survey provided some justification for Mr. Strauss's optimism. Support for both Mr. Reagan and, to a degree, Mr. Anderson, appeared to be more of a negative reaction to Mr. Carter than identification with the stands taken by the other two: the President successfully made Senator Edward Kennedy the main issue in their struggle for the Democratic Party's nomination and will try to pull the same trick in the general election.

A sober reading of all the current polls suggests that Mr. Carter still faces a tough struggle, especially if his lingering contest with Mr. Kennedy remains bitter and if Mr. Reagan imposes unity on the Republican Party.

Yesterday's survey, for instance, found the parlous state of the economy to be a main reason for the President's unpopularity. Mr. Reagan was expected later yesterday to try to seize the economic policy initiative from Mr. Carter by proposing his own $22bn tax cut package, to take effect next year.

A tax cut of this magnitude constitutes some retreat from Mr. Reagan's earlier advocacy of a more sweeping 30 per cent, three-year reduction package advanced by his more conservative advisers. The paring-down reflects the influence of men like Mr. George Shultz, former Treasury Secretary, and Mr. Alan Greenspan, once head of the Council of Economic Advisers, who want to minimise the inflationary risks of excessive economic stimulus.

But the Republican Party needs to show that it is sensitive to the human problems created by the economic recession. The survey found that 31 per cent of those polled now believed unemployment to be the greatest economic problem, twice as many as in April, with 50 per cent emphasising inflation.

For his part, Mr. Carter has worked successfully in the past week to avoid being saddled with the more doctrinaire economic solutions advanced by the Kennedy wing of the Democratic Party.

The party's platform committee completed a week of meetings in Washington by voting down a variety of recommendations, such as wage and price controls, a $12bn public works programme, additional taxes on the oil industry, and reimposition of energy price ceilings, advocated by Mr. Kennedy's supporters. These issues could yet be taken to the convention floor in New York in August, however.

Fed credit controls 'not necessary'

By David Lascelles in New York

THE MARCH credit restraint programme by the U.S. Federal Reserve Board was unnecessary and is having little effect on consumer spending, a member of the central bank's policy-making committee said yesterday.

Mr. Frank Morris, President of the Boston Federal Reserve Bank, is a man who has in the past taken an independent, though not necessarily outspoken, line at the Fed.

Mr. Morris commented to a financial meeting in New York State: "If it weren't for the psychological aspect of it, we would chuck it overnight." He also said that the sharp drop in consumer spending in the last couple of months has less to do with credit restraint than the huge volume of debt consumers had piled up during the past economic boom.

Although many independent economists share the view that the programme was too much, too late, it is unusual for a Fed official to voice doubts publicly about the wisdom of the Board's policies. Mr. Morris is a member of the open market committee which sets Fed credit and monetary policy.

Despite his opinion of the Fed's credit controls, he does not believe that they will be abolished quickly, though parts have already been dismantled. He expects a gradual easing.

Support grows for San Salvador strike

BY HUGH O'SHAUGHNESSY

THE GENERAL STRIKE called by opponents of the Salvadorean junta was yesterday 95 per cent successful in San Salvador, for the second day running. Its effects were more patchy outside the capital of the troubled Central American republic.

In San Salvador, heavily armed troops carried out intensive patrols and manned road blocks. Colonel Jose Guillermo Garcia, the Defence Minister and a leader of the extreme right-wing group within the Salvadorean army, meanwhile denied charges that his troops had been involved in the massacre of 600 people last month as they were fleeing to neighbouring Honduras.

The charge had been made on Monday by Bishop Jose Carranza Chavez of the Honduran diocese of Coban, who reported that Salvadorean troops had massacred the refugees, including large numbers of women and children, as they were crossing the River Sumpul into Honduras.

The accusation of massacre comes at a time when there is speculation that Guatemalan forces may intervene to help the increasingly beleaguered Salvadorean junta. The military regime of General Romeo Lucas in Guatemala City has been increasingly nervous since the overthrow a year ago of the government of President Anastasio Somoza in Nicaragua, and the installation of a left-wing Administration in Managua.

Power stations Bill cut

WASHINGTON — The U.S. Senate has approved a Bill to convert power stations from oil to coal, but the measure fell far short of what President Jimmy Carter had sought.

Mr Carter asked Congress to approve a $10bn (£4.27bn) Bill to convert 107 power stations but the Senate agreed on Tuesday night to change over 80 plants, as a cost of $4bn. The Senate Energy Committee felt the other plants would be too costly to convert.

Mr Carter estimated his Bill would cut U.S. oil consumption by 1m barrels a day. The Senate Bill would save about 300,000 b/d.

The Senate action, by a vote of 86-7, came a day after Mr Carter and other Western leaders adopted a resolution at the Venice economic summit calling for increased use of coal, nuclear power and other alternatives to oil. The Bill now goes to the House of Representatives.

Reuter

WORLD TRADE NEWS

S. Africa restricts Zimbabwe credit cover

By Bernard Simon in Johannesburg

IN A MOVE which reflects the uncertainty of South Africa's political and trading links with Zimbabwe, the South African Credit Guarantee Insurance Corp (CGIC) has placed restrictions on credit insurance for exports to Zimbabwe.

The CGIC has advised policy holders that it will insure a maximum of only 25 per cent of the exporters' sales to Zimbabwe the previous year. "We're encouraging exporters not to ship goods until previous shipments have been paid for," a CGIC official said yesterday. "We don't want to reduce the volume of exports, but we don't want to increase our liability at any one time," he added.

South Africa's export credit guarantee scheme is underwritten by the Government, and the decision to restrict cover for Zimbabwe was taken by a committee which includes senior Government officials. Politics and commercial considerations played a "50-50" part in the decision, according to the CGIC official.

A senior Department of Commerce official said it was "rather difficult to comment" on the decision.

South African exporters have reacted "rather strongly" to the restrictions, according to Mrs. Ann Forrest-Smith, intelligence manager of the South African Foreign Trade Organisation (SAFTO). However, there has been no noticeable fall-off in sales since Zimbabwe's independence, she added. "We regard Zimbabwe as just another potential African market which has difficulties and opportunities," Mrs. Forrest-Smith said.

No official figures are published of South Africa's trade with Zimbabwe. Exports to the whole of Africa totalled R748m (£413m) last year, of which probably at least half went to Zimbabwe.

Meanwhile, there are indications that South Africa has begun trading with Angola on a fairly regular basis, for the first time since that country's independence in 1975. According to traders in Johannesburg, Angolan purchases of South African foodstuffs have increased significantly in recent months.

Laker renews application for HK route

By Philip Bowring

LAKER AIRWAYS has re-applied to the Hong Kong Air Transport Licensing Authority for permission to operate between Hong Kong and London. The application seems certain to be granted.

Although the authority is independent of the Government, Sir Murray Maclehose, the Hong Kong Governor, has made it clear that the Government will give its full backing to the application.

He said in Hong Kong: "In all fairness, we could not do less" than support the decision of the British Government to allow Laker as well as Cathy Pacific and British Caledonian, to operate to Hong Kong in competition with British Airways, which up to now has had a monopoly on the route.

Originally, the Hong Kong authority gave the go-ahead to Cathay and British Caledonian but not to Laker.

The British authority gave permission only to British Caledonian. But that ruling was overturned last week by Mr. John Nott, Secretary for Trade, who decreed an "open skies" policy for British airlines on the Hong Kong route.

Moves to settle U.S. Steel dispute

BY GILES MERRITT IN BRUSSELS

THE EUROPEAN Commission is assessing the chances of a negotiated settlement backed by President Jimmy Carter which would end the U.S. probe into alleged dumping by all 14 major EEC steel makers and remove a threat of $2bn-worth of steel exports to the U.S. being lost this year.

Hopes of a deal on the U.S.-EEC steel dispute have risen following the personal initiative of Mr. Roy Jenkins, EEC Commission President, at the recent Western economic summit in Venice. The anti-dumping action brought by the U.S. Steel Corporation is reducing American orders for EEC steels to a trickle.

President Carter has undertaken to study an option paper which the U.S. trade representatives' office will draw up to list the ways in which the steel problem might be solved. But U.S. officials in Brussels were yesterday making it plain that few, if any, of the options would be politically appealing to the President in an election year.

Broadly, the courses of action likely to be proposed to President Carter range from agreeing a number of financial and environmental concessions to U.S. steel producers to offering the re-introduction of the trigger price mechanism at a level that would raise EEC steel prices considerably.

In either case, U.S. steel would be asked to drop its complaint. The political cost to the White House, though, could be to to unbalance the precarious Federal budget or to incur the wrath of the powerful environmentalist lobby.

An alternative outcome is now believed in Brussels to be a Presidential decision to halt the investigation being carried out by the International Trade Commission in Washington by opening new U.S.-EEC negotiations on a steel price settlement. In that case, the U.S. Commerce Department would hold talks with the EEC steelmakers or the Brussels Commission.

The longer-term outlook for new talks, however, is less attractive to the EEC steel industry. The margins of European dumping new understood to be established by the ITC investigation range up to 45 per cent, while under U.S. law any price settlement would be required to reduce those dumping margins by 85 per cent. This would mean that the EEC steel industry could be forced to raise its U.S. prices by 30 to 40 per cent, thus losing its competitive edge.

UK exports to Iran hold steady

BY ANDREW WHITLEY

BRITISH exports to Iran have held up well following the imposition of limited economic sanctions last month, judging by the orders being handled by British-based freight forwarders.

One forwarder, F. G. Hammond International, claimed yesterday that it was consolidating almost as much traffic for Iran as it was before the February 1979 revolution. Competitors, however, feel this may be an exaggeration in the light of the sharp fall-off in overall trade experienced by all British companies since the pre-revolution boom.

Even so sanctions appear to have caused only a momentary pause as British companies took stock of the situation before signing new contracts. Stocking up in advance of the sanctions deadline, May 29, is reflected in the latest British trade statistics. These show exports to Iran totalled £54m in April, the highest monthly figure of the year.

In the first five months of 1980 exports totalled £170m, more than double that recorded in the comparable period of the previous year, when the effect of the revolution's disturbances was still being felt. However, at constant prices British exports to Iran are still only a third of the level reached in 1978.

F. G. Hammond said yesterday it did not expect to see any noticeable decrease in its traffic to Iran as a result of the British Government's decision to ease the terms of sanctions. This prediction was confirmed by Davies Turner, a major freight forwarder to the Middle East.

Both say they are currently despatching about six trailer loads of groupage traffic a week, in addition to special full loads.

Third World concessions to increase

By Brij Khindaria in Geneva

INDUSTRIALISED countries have pledged to increase the scope of special trade concessions to developing countries, particularly the world's 30 poorest nations.

The concessions are part of Genralised Systems of Preferences (GSP) run separately by 19 Western industrialised countries and five Socialist countries. The main characteristic is that concessions, usually in the form of preferential tariffs, are given without demanding reciprocal privileges from developing countries. The GSP scheme represents the most important tariff liberalisation exercise so far by industrial countries to help developing countries.

An 80-nation conference decided here earlier this month that the GSP should be extended indefinitely but their operation will be thoroughly reviewed in 1990. The schemes, run under a 1970 agreement, sponsored by the United Nations Conference on Trade and Development (UNCTAD) were due to expire next year.

The preference-giving countries have promised to improve their schemes through "such measures as an enlargement of the list of beneficiaries, an increase in the number of products covered and improvement of preferential rates aiming at duty-free treatment."

In spite of the wide scope of concessions offered, the Common Market was criticised by several poorer nations of giving better treatment to 54 Caribbean Pacific and African countries linked to it through the Lome Convention than to other Asian and Latin American countries.

Dutch admit Algeria LNG delay

BY MICHAEL VAN OS IN AMSTERDAM

GASUNIE, THE state-controlled Dutch gas distribution monopoly, has finally admitted that Algerian liquefied natural gas shipments to the Netherlands will be delayed.

The contract, signed several years ago, for the import of 5.6bn cubic meters of LNG from mid-1983 is expected to be delayed by at least a year, the company said in its "annual gas marketing plan." Gasunie said it expects the Algerians to honour the contract. "It has still not been cancelled, and we can hardly go into reports in the Press that would indicate the contrary," it says.

Speculation has been rife for many months that the political changes in Algeria after the death of President Boumedienne has meant less emphasis on investments in the oil and gas sectors in favour of agriculture and housing. This would have meant that the extremely expensive facilities to be built at Arzew Interalia for the Dutch export order has been shelved indefinitely.

Meanwhile, the domestic gas supply picture continues to look fairly good. The past five years' reserves, destined for home consumption, have remained stable thanks to an upwards valuation of reserves and the import contracts signed since 1975.

The "assured reserves" amounted to 1.7 trillion cubic metres in January with 1.5 trillion from imports, including the 100bn from Algeria.

Soviet gas negotiations advance

FINANCIAL TIMES REPORTER

A GROUP of West European companies has been negotiating with the Soviet Union for the past 18 months about the purchase of some 1.4 trillion (million million) cubic feet annually of Siberian natural gas and the financing of a pipeline to transport it from western Siberia.

Officers of several of the companies, which include Ruhrgas of West Germany and Nederlandse Gasunie of The Netherlands, say a top Soviet official hinted that a decision would be made this summer. The Dutch company cited "strong indications" from the Russians that they would approve the project.

Ruhrgas, which is 14.8 per cent owned by Shell, estimates that the pipelines would cost about $11.4bn and it hopes that gas deliveries could start around 1985.

Ruhrgas has already signed a contract for the import of Soviet gas into southern Germany, and this is expected to build up to 10.5 trillion cubic feet by 1981.

If the project goes through, it will more than double the Soviet Union's gas deliveries to Western Europe. The project also spotlights Western Europe's growing trade with the Soviets in the sensitive area of energy.

According to the International Energy Agency in Paris, the Soviet Union exports roughly 1m b/d of oil daily to Western Europe — or about 7 per cent to 8 per cent of the region's total consumption.

UK groups to extend W. German operations

BY ROGER BOYES IN BONN

MOST BRITISH manufacturers active in West Germany intend extending production in the country in spite of some dissatisfaction about profit margins. This is one of the main conclusions of a comprehensive study of British subsidiaries in Germany carried out by the British-German Trade Council.

The survey, embracing 143 British subsidiaries, seems to reinforce the view that factors such as high productivity, stable labour relations and market proximity outweigh the importance of short-term earnings when it comes to investing in Germany.

Almost three-quarters of the manufacturing subsidiaries questioned plan to broaden production within the next five years in order to increase their market share. Most plan to extend their existing works but only 16 per cent intend building new factories.

Subsidiaries of sales companies, however, were less enthusiastic about starting new production in Germany: only 14 per cent were planning any kind of move. Others maintained that their companies would select cheaper or at least more capital intensive production facilities. Some 75 per cent of the manufacturers described productivity as good while the remainder were divided in their comments between "excellent" and "satisfactory." Similar sounds were made on labour relations.

About 25 per cent of the subsidiaries said they were dissatisfied with profits. This is a frequent complaint of overseas investors in Germany who find themselves burdened by high wage and social benefit costs and generally expensive overheads.

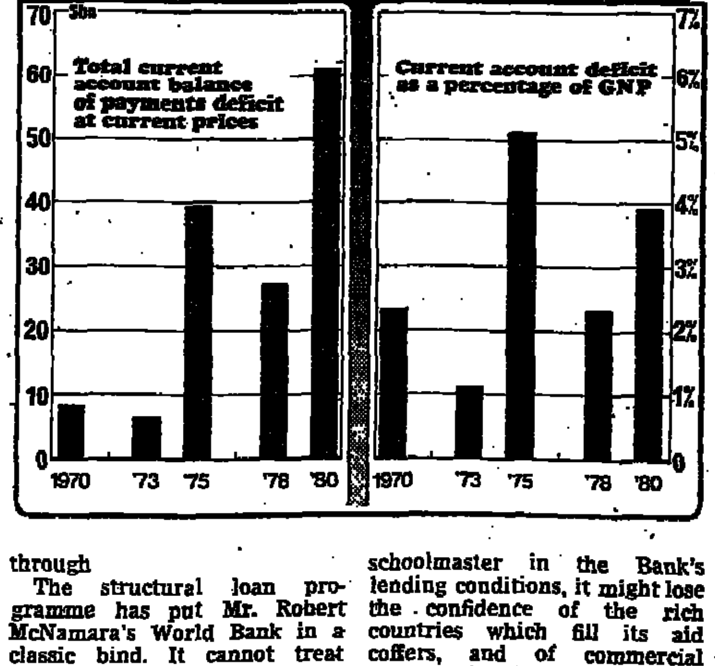
A study, published this week by the Cologne-based Institute for the German Economy, showed that labour costs in manufacturing industry had risen by 124 per cent over the past decade, from DM9.42 an hour to DM21.14. By contrast U.S. labour costs had risen by only about 7 per cent, from DM15.80 per hour to DM16.95, while British costs had risen by 74 per cent, from DM5.86 per hour to DM10.20. Quite apart from the implications this has for Germany's competitiveness — only Belgium, Sweden and the Netherlands have higher costs among the Western industrialised nations — it is clearly a deterrent for concerns wanting to expand

Thus, more than 60 per cent of the manufacturing subsidiaries who told the Council they intended to expand capacity, expect to create fewer than 20 new jobs. While the respondents probably erred on the side of caution, this none the less reflects the British concern with wage bills in Germany.

It is clear, though, that the sales performance of British subsidiaries to a large degree justifies their expansion plans. In a separate survey of 187 British companies, the British-German Trade Council found an overwhelming majority reported improvement in sales and new orders. The respondents, again drawn from traders in consumer, investment and basic goods tended to attribute this to better marketing efforts (strengthened sales organisation for example). The general investment climate and improved delivery.

World Bank finds the gap between promise and practice

BY DAVID BUCHAN IN WASHINGTON



THE WORLD BANK'S brand new scheme for giving speedy balance-of-payments support to hard-pressed Third World countries while they adjust to the harsher economic climate of the 1980s has already run into a spot of bother. One of its first customers, Kenya, has failed to set about the structural reforms the Bank is insisting on. So, this month it did not get the $35m second slice of the $70m credit it negotiated in March.

Bank officials put it down to teething problems in the agency's controversial "structural adjustment" lending programme, which started this spring.

So far, the Bank has made three such structural loans—to Kenya, Bolivia and Turkey—totalling $320m. It will be in the range of $600m to $800m in the coming 12 months. This is small compared with the Bank's overall $11bn a year operations, and tiny in relation to the $61bn current account deficit which it estimates oil-importing developing countries will incur this year.

But it could answer a crucial need: to encourage developing countries to make some painful re-adjustments to their economies, while at the same time preventing their foreign exchange reserves being bled white in the interim by higher oil prices.

In this worthy cause, the Bank is none the less wading into deeper political waters—some might say, out of its depth. At recent bank board meetings, executive directors representing some developing countries have expressed fears that the bank, like the International Monetary Fund, could be drawn into domestic disputes over its policies. For the first time in Latin America the bank has been bracketed with the IMF in critical wall slogans.

Of course, even the bank's standard project aid is not free of sensitive conditions. For instance, it insists that an economic rate of return from a power plant it finances should not be squandered on subsidised low electricity rates. Energy costs are a political hot-potato—as Mrs. Margaret Thatcher, Britain's Prime Minister, found out when she bumped up natural gas rates.

The Bank recently pointed out bluntly to Ecuador, a poor member of the Organisation of Petroleum Exporting Countries and getting relatively poorer, that it could not go on expecting Bank aid if it persisted in selling its petrol at 18 cents a gallon.

The Kenyan experience, thus far the only real case study, is instructive. In return for a $70m credit—some of which came, in fact, from the European Community — the Nairobi Government committed itself to phasing out rapidly any more import protection than was needed to put export incentives on a better footing, keeping a better record of its public and private external debt, raising interest rates to a higher uniform level, and altering its forward budget planning to spend more on maintaining such existing public investments as roads and less on new ones.

Bank officials say President Daniel Arap Moi's Government promised willingly to do all these things, setting out its intentions in detailed White Papers. But doing them proved another matter.

However, a World Bank team is to visit Nairobi next month, and there is little doubt that the whole loan will eventually go through

The structural loan programme has put Mr. Robert McNamara's World Bank in a classic bind. It cannot treat recipient countries quite as schoolchildren — they make up the 134 sovereign countries which sit on its board. But if there is not a touch of the schoolmaster in the Bank's lending conditions, it might lose the confidence of the rich countries which fill its aid coffers, and of commercial banks which lend to it.

The dilemma is reflected in Janus-like statements by Bank staff. Aware that their conditions may be a tall order for some Governments and vested interests in the Third World, officials say they will be flexible about just how and when their terms are met.

"We are not in the business of engineering political revolutions," says Mr. Munir Benjenk, a Bank vice-president whose home country, Turkey, will soon come under scrutiny for its $200m structural loan.

On the other hand, the Bank is in the slightly awkward position of lending quickly, asking only a long-term return. On its run-of-the-mill programme of an average 250 projects a year, it normally pays out its loans over seven years, as the project is completed and bills come due. Structural loans will be paid out fast, within 18 months.

Yet the money will be repayable on the standard terms of around 15 years, or, in the case of a credit from the International Development Association, the Bank's soft loan agency for the poorest countries, over 50 years.

Might recipients just "take the money and run?" The Bank, which has a Triple A bond rating and never a loan default in its history, scoffs at the notion that there might be any increase in risk. "We can't foreclose on a chunk of desert, but even in the direst situations developing countries take very seriously their financial responsibilities," commented one official.

It is not just that a defaulter would get no more Bank aid or loans. If a developing country is as much as 30 days late on its repayments, the other 133 of the Bank's member governments are told.

"Just think what it would do to your mastercharge or visa, if every time you were slow on one payment all your credit sources were advised in writing," Mr. Eugene Rotberg, the Bank's chief financial officer, said wryly.

Nor does the Bank intend to be a softer touch than the International Monetary Fund. Its conditions may be set in slightly woolier and less precise quantitative targets than the Fund's. But Bank officials see little likelihood of a country turned down by the Fund getting a structural adjustment loan across the Washington street at the World Bank.

True, talks for just such a loan to Tanzania have not been interrupted by that country's recent angry breach with the Fund. But the Bank loan is unlikely to come to fruition until Tanzania's financial policy would satisfy the Fund.

One way out of the "lend now on future promises" dilemma is for the World Bank to support structural economic reforms which Governments have already taken. This will be the case if, in the next month or so, the Bank completes its loan negotiations with the Philippines, which has already completed 90 per cent of the re-vamping of its export/import policies which the Bank wants to see.

That, however, would channel Bank structural loans to countries with fundamentally well-managed economies in temporary foreign exchange difficulty. Countries mentioned as potential customers for structural loans — South Korea, Thailand, Senegal, Barbados, Morocco, Malawi — happen to fit roughly into this category.

The rest may decide they are better off sticking to the World Bank's project loans.

Advertising revenue 'likely to be cut'

By Michael Thompson-Noel

ADVERTISING SPENDING last year exceeder £2bn for the first time, according to Advertising Association figures published today. But the association says in real terms the gain on 1978 was less than 1 per cent. It warns that with recession looming activity has levelled.

Most signs indicate sharp cuts by this autumn, and growth is unlikely to return for at least 18 months. But fears of an advertising slump as in 1975-76 are probably exaggerated.

Spending last year was £2.13bn, compared with £1.83bn in 1978. This represents 1.9 per cent of consumer spending and 1.34 per cent of GNP. In constant 1970 prices, the advertising spent last year — £651m — was exceeded only by the peak years of 1973-74.

"In real terms, 1979 was a year of virtually zero growth in advertising expenditure," says the association. Even without inlustrial disputes, only very modest growth would have been experienced.

Revenue lost during the ITV strike last autumn is estimated at £105m, two-thirds of which was re-spent, either on television or on other media. The absence of Times Newspapers for most of the year depressed spending.

The regional Press gained by those disputes. Regional Press advertising last year was £593m, 28 per cent of the total. Television earned £471m or 22 per cent and national newspapers £347m or 16.3 per cent.

Sharp gains were shown by the minority media: magazines, posters, cinema and radio.

Mr. Jim Penny, chief executive of the Regional Newspaper Advertising Bureau, said yesterday: "Regional newspapers increased their revenue 23 per cent during the year, compared with rate increases of less than 14 per cent."

But long-term trends in media spending were complicated by last year's strikes and production losses, and may change rapidly with Britain's second commercial television channel, and the European satellite TV.

The advertising business prospered since early 1977, though the boom is fading fast. Classified advertising has dipped sharply and the dramatic gains of the ITV companies this year are losing impetus.

M & S 5% curb on clothes prices

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

MARKS AND SPENCER will keep its price rises for clothes down to 5 per cent or less this autumn, compared with an expected general 12 per cent increase in clothing prices.

This move, which was announced yesterday by Marks and Spencer chairman, Lord Sieff, at the company's annual general meeting, clearly reflects the company's determination to keep its prices strongly competitive with other High Street retailers when the retail trade—especially the clothing sector—is facing its most dfficutl period for some years.

Last autumn Marks and Spencer's £11m-worth of price cuts made it the first mapor retailer to tackle the problems raised by the end of the boom in fashion retailing.

Lord Sieff said yesterday this campaign led to increased sales and helped suppliers maintain "reasonable levels of production." But he admitted that with accelerating inflation and unemployment since Christmas "our clothing sales—though better than last year—were below estimates."

The Marks and Spencer response has been to concentrate on "more classic and elegant styles in women's wear at easier prices."

Lord Sieff told shareholders the company had no intention of reducing the quality of its goods.

Two main problems for Marks and Spencer and other clothing retailers, have been the variable weather and the popular rejection of more extravagant clothing styles. Retailers, generally, have started to concentrate their styles on more classic patterns but this has not compensated for the poor weather this summer which has depressed sales.

Marks and Spencer faces the problem of low-priced textile imports which undercut UK-made products. Lord Sieff pointed out to shareholders that while 60 per cent of all shirts sold in the UK were imported, 99 per cent of all M & S shirts were British-made.

In the last financial year, Marks and Spencer increased its pre-tax profit 7.5 per cent to £173.65m. Sales were about 13.2 per cent higher at £1.67bn.

● The Argos discount stores group said yesterday that it was launching a special price-cutting promotion from next week on 370 products. This is the first time that Argos has issued a special supplement to its main catalogue in support of a summer promotion.

Changes in land tax 'would boost construction'

THE REPEAL of a large part of the Development Land Tax Act, 1976, would give the private sector of the construction industry a "badly needed shot in the arm," says Mr. John Heddle, Conservative MP for Lichfield and Tamworth.

Mr. Heddle was outlining the details of his Development Land Tax (Amendment) Bill, which is due for its second reading in the Comons on July 4 but which he accepts will not find parliamentary time.

He said the Government had not yet tackled the main structural defects of the Act as they affected the development industry. He conceded, however, that it had managed to reduce the rate payable from 80 per cent to 60 per cent while acknowledging that the Act was "riddled with anomalies."

Although his Bill had virtually no chance of reaching the statute book, Mr. Heddle said he intended to pursue his campaign for changes in the hope that these could be included in the next Budget.

One of his proposals, which deals with advance assessment of tax, might be adopted or broadly followed by the Finance Bill standing committee at its meeting today.

Mr. Heddle said the tax created several uncertainties about tax liability. Most importantly, it was impossible for a developer to know what his tax bill would be before he started a scheme, because tax payable depended on a land valuation by the district valuer when the development started.

Mr. Heddle's Bil lalso seeks to end the concept of "deemed disposal." Under this mechanism, the start of a development triggers off a valuation and subsequent tax assessment based on assumptions made by the district valuer about notional increases in land values after planning permission is granted.

Private hospital in Northampton

WORK STARTED yesterday on a new £1.5m private independent hospital in Northampton which is being built from donations raised by a group of residents and medical consultants. Work is due to be completed in 18 months. The 30-bed hospital will be fully equipped for surgical and medical treatment.

Industry 'hit by traffic chaos'

BY LYNTON McLAIN

BRITISH INDUSTRY has suffered severe economic losses because of traffic congestion on southern parts of the M1 motorway, MPs were told yesterday.

"It cannot be questioned that the M1 is congested and that the motorway reaches beyond its design capacity at times," Mr. Trevor Hughes, deputy secretary for Roads in the Transport Department, said in evidence to the Commons' select committee on transport.

The M1 is a dual carriageway for much of its southern length: this, and the need for regular repairs, resurfacing and even complete reconstruction arising from higher than forecast traffic flows and building problems, are mainly responsible for the delays.

But Mr. Irving Yass, assistant secretary for highways' policy in the Transport Department, told committee MPs: "It now takes very little to cause a major disruption on the M1. Even changing a light bulb or maintaining the central crash barriers causes enormous disruption and a great deal of economic waste."

MPs also asked about traffic congestion in the rest of Britain. Mr. Yass said the last urban congestion survey—in 1976—showed traffic flows had hardly changed since 1967. Average speeds had risen 20 per cent. The reverse was true in London which was more congested than ever.

The select committee is investigating how the Government arrived at its priorities for roads outlined in the Policy for Roads White Paper published earlier this month.

Mr. Peter Fry, Conservative MP for Wellingborough, and yesterday's chairman of the select committee, asked if Transport Department planners accounted for the effect of road plans on industry's distribution costs.

Mr. Hughes: "We do not do this specifically at the moment, but whether we should give more weight to that factor is something I would like to think about."

But the Transport Department does include in its cost benefit analysis exercises before a decision on a road is taken, "a measure of how much faster lorries will go" if a road is built.

Mr. Hughes refused to be drawn on what account, if any, the Transport Department took of the possibility that the maximum permitted weight of lorries may rise.

● Britain's hauliers and transport interests joined the National Farmers' Union in a Court of Appeal action yesterday to reverse the "Windsor Cordon" lorry ban—which costs industry £528,000 each year.

The Freight Transport Association, the Road Haulage Association and the NFU have lodged an appeal against an earlier ruling by Mr. Justice Neill, in December 1978, that Berkshire County Council was legally entitled to impose the bans.

The council introduced the bans in the summer of 1978 by sealing-off one 25 yard and 11 50 yard stretches of road, in and around Windsor. This had banned heavy lorry traffic from an area of 40 square miles around the town.

The Freight Transport Association is basing its appeal on an interpretation of the Road Traffic Regulation Act 1967.

BPC wins large share of £126m TV Times contract

BY JAMES McDONALD

THE BRITISH Printing Corporation has won the lion's share of a ne wseven-year printing contract for the production of the TV Times.

The contract, worth £126m overall, has been placed by Independent Television Publications among eight companies, five of which are members of the BPC group.

From the end of July next year, Eric Bemrose, the Liverpool subsidiary of News International, will lose the exclusive printing contract for the 3¼m weekly copies of the TV Times, in all its 13 regional ITV editions, which it has held since 1974.

It is understood News International — the Sun, News of the World, the Berrows Organisation — decided not to make the investment in Eric Bemrose needed to renew the contract.

Mr. R. W. Phillis, managing director of Independent Television Publications, said yesterday he regretted the need to move from Eric Bemrose. "Our companies have enjoyed a close relationship over a long period and the loss of this work is not going to be easy for them to replace.

"However, they did not see their way clear to make the investment necessary to meet our new requirements both in terms of schedule and the number of pages which we consider essetnial for the future. Accordingly, we were forced to look elsewhere."

The British printing industry was invited to tender for the new-look TV Times, with a maximum of 148 pages (96 at present) and with provision in the 1980s for the Fourth Channel. Ability to meet the "stringent requirements" of the new schedule both in time and quality had been the main consideration, said Mr. Phillis.

It is believed the Odhams group was among those competing for the contracts.

The contract is split into two segments, covering gravure and offset colour printing. It is worth more than £18m a year, with nearly £15m of this going to BPC companies. Total investment by the eight companies will be £20m, wtih £16.2m of this coming from the five BPC subsidiaries.

Gravure printing, representing more han half the £18m a year print total goes to Sun Printers of Watford (BPC). Offset sections will be printed by Carlistle Web Offset, Carlisle (Oxley Printing Group), Petty and Sons, Leds (BPC); Chromoworks, Nottingham (BPC); and Severn Valley Printers, Caerphilly (St. Iives Group).

High-quality colour outer covers for the magazine will be printed by Ben Johnson of York. Typesetting and reproduction work for hte offset sections will be placed with Waterlows of Dunstable (BPC) and M1 Studios of Luton (BPC).

Under the terms of the new contract the 13 ITV regional programme sections of 32 pages will be divided between the printers at Carlisle, Leeds, Nottingham and Caerphilly and will be combined with a magazine section of up to 112 pages produced by Sun at Watford.

To handle its section of up to 112 pages, which will bring in work worth £10.9m in the first year, Sun is buying two of the most modern 13-unit printing presses at a cost of £11m—by far the biggest single investment out of the total £20m involved. The offset printers will also spend heavily on printing and binding equipment.

Manchester campaigns in Brussels

BY JOHN WYLES

ADOPTING THE principle that "if it is there you cannot ignore it," a delegation from Labour-controlled Manchester City Council has put aside some individual distaste for the EEC and mounted a promotional campaign in Brussels.

The two-day programme is focused on an exhibition at a Brussels hotel, showing Manchester's attractions for manufacturing industry, marketing and distribution.

The ten-strong delegation, which included representatives of Manchester's Chambers of Commerce and Trade, says Brussels has been chosen for the city's first serious promotion abroad because "if we're going to tap the vast wealth within the EEC, then we have to come to Brussels."

There was no question that the Councillors were bringing a "begging bowl" for EEC money. But in talks with European Commissioners and officials they stressed how useful Community money would be in helping to pay for a £15m extension to the Manchester airport runway.

They also handed out copies of a glossy 64-page booklet stressing the city's importance with such advantages as it says: "All Britain's leading national daily newspapers have their northern editions edited and published in the city, and points out that "the important news-gathering agencies, trade and technical journals and the Financial Times also have offices in the city."

Bristol joins queue for financial aid

BY ROBIN REEVES

BRISTOL YESTERDAY joined the growing number of UK local authorities seeking Common Market financial aid to bolster their local economic and social infrastructure.

A delegation led by Mr. Claude Draper, leader of Bristol City Council, flew to Brussels armed with a shopping list of investment projects totalling some £40m for which they are seeking some kind of EEC backing or contribution.

The projects include investment of a further £10m in improving and extending the handling facilities of the recently-opened Royal Portbury Dock at Avonmouth, and diverting of the A38 trunk road to allow Bristol's municipal airport at Lulsgate to be extended—at a cost of £7m.

EEC assistance would also be welcomed for a new motorway access and major extension to the Avonmouth industrial warehousing complex, the development of other industrial estates and premises in and around the city, and the regeneration of the inner city area, a major preoccupation since the St Paul's riots earlier this year.

During the Brussels visit, the Bristol delegation is meeting officials of the European Investment Bank, the Regional Development and Social Funds, and other potential sources of EEC.

While they recognise that the main thrust of the EEC's investment effort must be directed to the economically weaker parts of the Community, the city fathers say the whole of the south west region, and even South Wales, depends on maintaining a balanced, dynamic and prosperous economy in the greater Bristol area.

They believe this is now in jeopardy.

Since the mid-1960s there has been a serious decline in manufacturing jobs, due primarily to technological change, the aircraft sector has been vulnerable to national and international policy decisions and the port has been threatened by changing shipping needs.

Fund manager jailed for 7 years

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

MR. ANDREW MACFARLANE, a pension fund investment manager who stole £1.5m, was jailed for seven years yesterday.

Mr. Macfarlane pleaded guilty at Liverpool Crown court to stealing the money from the Universities Superannuation Scheme (USS). He was sentenced to five years on two theft charges consecutive to two years in false accounting charges involving £150,000, which he also admitted.

Mr. Richard Hamilton, prosecuting, said on March 24 and 25 Macfarlane telephoned a Liverpool branch of the National Westminster Bank and ordered it to transfer £1.5m from USS's account to the Angel Court branch of Barclays Bank, in the City of London, to the account of a firm of investment brokers.

He authorised the transfer by adding it to a USS letter authorising other, legitimate, transactions which had already been signed by USS's chief executive.

The investment brokers bought 5,700 Krugerrands on Macfarlane's behalf. He then arranged to sell them at a considerably lower rate to bullion dealers Shaw Cavendish, of Chester.

The transaction had almost been completed when Shaw Cavendish rang USS and found that Macfarlane no longer worked for USS. As USS never dealt in Krugerrands, the police were informed and Macfarlane was arrested on April 8. He had air tickets to Malta in his pocket.

Mr. Hamilton said £1.309m of the £1.5m had been recovered and 150 Krugerands worth about £40,000 were still missing.

When Macfarlane joined USS in 1977 it had not known that he had been convicted for dishonesty while working for Barclays Bank Trust Company in Bournemouth and jailed for 18 months.

The judge, Mr. Justice Balcombe made a criminal bankruptcy order against Mcfarlane in the sum of £1.55m.

Record set for work by Munnings

SALEROOM

BY ANTONY THORNCROFT

A TYPICAL work by Sir Alfred Munnings "The start at Newmarket" sold for £126,000, plus the 11.5 per cent buyer's premium and VAT, at Sotheby's yesterday. It was a record price for any 20th century British artist, beating the £110,000 paid in February this year for a vorticist work by Edward Wadsworth. The buyer was the London dealer Richard Green.

The sale of modern British pictures made £537,255 and only 12 per cent bought in. "Easter Monday, Helen Daurment, 1916," by Sickert went for £22,000 and a portrait of Trelawnay Dayrell Reed by Augustus John for £19,000. Another Munnings, "Out exercising" sold for £16,500.

On Tuesday Christie's disposed of the late Baron Hatvany's Old Master drawings.

South-east MPs criticise Southern Water Authority

BY ROBIN PAULEY

ALLEGATIONS OF poor performance and no accountability have been made against the Southern Water Authority by a deputation of south east MPs. They have urged Mr. Tom King, Local Government and Environment Minister, to refer the authority to the Monopolies Commission as soon as possible.

They also urged Mr. King to ensure that the authority, which stretches from Hampshire to Kent, sets up a finance committee to introduce some effective financial control.

The MPs told Mr. King that the structure of the authority did not make it sufficiently accountable to consumers, who were concerned at the recent large increases in water charges and the moves towards direct billing.

The MPs said it was deplorable that the authority had gone ahead with direct billing, in spite of their representations and objections, when there was no prospect in the foreseeable future of a general move to charging by recording consumption on individual meters.

Mr. King replied that he was already reviewing ways in which the performance and accountability of water authorities could be improved. He had told the Southern Water Authority emphatically, for example, that staffing levels should be reduced.

The Government is very concerned about both rising water charges and the structure of water authorities. The Environment Department is looking at the possibility of metering domestic water consumption, but installing meters in every house would cost about £1.5bn. There would also be the additional staff costs involved in reading all the meters.

The Department is also examining the problem of demand increasing to the point where it will soon exceed supply unless domestic consumers reduce their consumption significantly.

A long-standing complaint about water authorities has been the lack of consumer representation on the boards. A new consumer body to represent the consumer interests is under consideration by the Government.

● British Waterways' income from freight tolls rose to £920,700 last year, compared with £824,400, in 1978 according to the annual report published today.

Mechanical handling 'faces more competition'

By Hazel Duffy, Industrial Correspondent

FURTHER rationalisation in the diverse mechanical handling industry will be forced on UK manufacturers in the next few years because of very high levels of overcapacity, predicts a report from the Economist Intelligence Unit published today.

The report estimates that the real value of sales by the industry declined considerably last year—actual sales totalled about £1.05bn against £1.03bn in 1978.

Although the industry continues to be a net exporter, rising import levels in all sectors have greatly increased competition in a home market which has already been contracting.

Exports, which accounted for much of the growth in this industry in the early 1970s, has become much more difficult recently.

A breakdown into the main sub sectors of mechanical handling and their prospects follow in the report. Counterbalanced fork-lift sales are forecast to decline by 18 per cent this year, and crane and hoist sales by over 15 per cent. For the industry as a whole, sales are expected to decline by 12-18 per cent.

The report contends, however, that the industry is capable of surviving into more favourable times provided the current problems do not inhibit it from expanding into growth areas, such as automated warehousing.

It emphasises that there is also more scope for British companies in overseas markets if they develop the more sophisticated technical aspects of their industry and become more expert in providing a total systems capability.

Mechanical Handling Equipment in the UK. EIU. 27 St. James's Place, SW1A INT.

CBI plan to ease interest burden

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

CONFEDERATION OF British Industry proposals for easing some of the interest rate burden on industry are to be pressed on the Government by leading Tory backbenchers in the current committee stage of the Finance Bill.

The CBI proposal is that companies should be able to disclaim tax relief on some or all of the interest paid to banks, and to transfer this relief to the banks in return for lower interest charges.

At present all companies may offset their bank interest payments against their own tax liabilities so that if a company is paying tax, the after-tax cost of bank borrowing is only 48 per cent of the gross cost.

If a company has no tax liability for the current year, it may carry its tax loss forward but it can get no immediate relief from the full burden of interest rates.

The proposal would aid companies who have tax allowances greater than their taxable profits, such as those with heavy recent investment programmes, and groups which are making losses, and are particularly hard hit by high interest rates.

The transfer of the tax relief to the banks would reduce their tax liabilities. The scheme would bring immediate benefit to companies but there would be no loss of tax revenue in 1980-81.

When corporation tax liabilities incurred in the current financial year fall due in January, 1982 there would be some loss of tax revenue. The CBI hopes this would be largely recouped in later years as companies return to profitability with smaller tax losses carried forward from 1980-81.

It is not suggested that the banks would reduce the interest rate by the full amount of the tax relief—52 per cent—since there is a delay in paying corporation tax

The CBI's proposals have been taken up by Sir William Clark, the Conservative MP for Croydon South and the chairman of the party's backbench finance committee. Suggested clauses are being tabled in his name for consideration by the Finance Bill committee.

This will force the Government to take a view on the scheme. Although ministers have seen the proposals, their view is not yet known.

The scheme has been prepared by Mr. Alan Lord, the managing director of Dunlop and a former senior Treasury official who is chairman of the CBI's tax committee. The proposal is also backed by its economic and financial policy committee.

The proposals highlight the concern felt by CBI members at grass-roots level about the need to reduce some of the burden of high interest rates without in any way undermining the thrust of the Government's counter-inflation strategy.

Court upholds hiving off agreement by Bamfords

BY LISA WOOD

A HIVING-DOWN agreement entered into by Bamfords, the Uttoxeter-based agricultural machinery group, when it was "in ignorance" of a creditor's compulsory winding-up petition, was approved as legally valid by a High Court judge yesterday.

Mr. Justice Vinelott allowed an application by the joint liquidators of Bamfords for the court's consent to an agreement made on May 29, by which Bamfords sold most of its assets to a wholly-owned subsidiary, Forlink.

Gardner Steel, petitioning creditor for £50,802, did not oppose the application, which was made under Section 227 of the Companies Act. The company's counsel, Mr. Daniel Serota, said it would not proceed with its petition which was presented on May 23 and was due to be heard next Monday.

Bamfords went into creditors' voluntary winding-up on June 19. Its solicitor said yesterday the validation of the hiving down agreement would benefit Forlink by allowing it to trade free of the restraints imposed on the parent company. It would also give Forlink a better chance of maintaining, and possibly restoring, Bamfords' goodwill, and make the company more attractive to a purchaser.

Bamfords has estimated realisable assets of £5.245m with £662,000 owed to preferential creditors, including employees. Unsecured creditors are owed £5.996m and shareholders are owed £1.5m which leaves a deficit of £2.91m.

Howe takes firm line on public sector pay

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

A FURTHER clear indication that the Government will attempt to hold public sector pay rises below the inflation rate was given yesterday by Sir Geoffrey Howe, the Chancellor.

Sir Geoffrey said at a lunch at the Carlton Club that there was "no possible justification for rising real incomes in the public sector when there are falling real incomes in the private sector. This imperative will govern our approach to cash limits and to pay in the public sector during the coming months."

The Chancellor stressed the importance of moderation in pay settlements and of the direct trade off between pay and jobs.

The theme of the speech was, however, optimistic. Sir Geoffrey claimed that much of Britain's present inflation was temporary and transitional owing to the delayed effect of past excessive monetary growth and to recent price increases for oil and raw materials.

But Sir Geoffrey said there were hopeful signs now that the Government was getting the growth of the money supply under control. There was also evidence, he said, of a deceleration in imported raw material costs, and house prices had levelled out.

The same point was taken up yesterday by Sir Raymond Pennock, president of the Confederation of British Industry. He forecast more unemployment, more companies going bankrupt and virtually no real profit for those that remained, if pay settlements continued at the level of the past two years.

Sir Raymond told businessmen at the Eurochem '80 conference in Birmingham that the pay round had been "an overall unmitigated disaster." He also implicitly criticised employers for paying wage increases they could not afford rather than pay for a strike.

The Government's approach faced sharp criticism yesterday from Mr. Denis Healey, Shadow Chancellor, in a speech to a conference organised by Westminster and City Programmes.

Mr. Healey said a "U-turn" was inevitable as the Prime Minister's "monetarist" experiment had failed. He favoured a return to the mixture of policies which were successful in the later years of the Labour Government.

At the same conference, Mr. Enoch Powell expressed some scepticism about the Government's record. He noted that after two budgets and 13 months the Government had not removed any of the propellant from the inflation machine: "The Government's deficit remains stubbornly unchanged," he said.

Ailing Chrysler will axe 120 at its London office

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

CHYSLER, the ailing U.S. motor group, is reorganising its international operations, a move which will involve about 120 redundancies at its office in London.

Chrysler International is based in Geneva but the London office, working from Bowater House in the West End, had been responsible for administration of the sales and marketing forces covering the world outside North America and Mexico.

This administrative function is being transferred to Chrysler's headquarters in Detroit, and in future Chrysler will split its international sales and marketing force, numbering about 70, on a geographic regional basis.

So a small team of 25 to 30 people will work from London and be responsible for the European-Middle East region. They will not be based at Bowater House, however.

The new organisation will take effect from October.

"A BUSINESSMAN'S BEST FRIEND."

JOHN BULL *(cheerful if a little anxious to his trusty bulldog)*. "TAKE HEART OLD FRIEND, THINGS ARE LOOKING UP. LAST YEAR ICFC SUPPORTED US TO THE TUNE OF £105 MILLION COMPARED TO £67 MILLION THE PREVIOUS YEAR. THAT'S FIVE TIMES THE INCREASE OF TOTAL INDUSTRY INVESTMENT."

BULL DOG. "PERHAPS IT'S NOT SUCH A DOG'S LIFE AFTER ALL."

Divided views on new investment channel

Concern over industry funding

THE RISE in the financial power of the investing institutions in the UK—insurance companies and pension funds—is one of the key themes of the Wilson Committee report. It has reached a point, the committee says, where it has become an issue of general concern.

It has far-reaching implications for the rest of the British financial system, and that system does not appear to have come to terms with it.

But the 18 committee members are unable to agree whether a new channel is needed to guide the institutions' money towards increased industrial investment. They do agree that many of the problems confronting British industry are "neither of the institutions' making nor within their capacity to solve."

In deciding "how to move from the present position to one in which higher profits promote higher investment and vice versa" the committee is split equally between those who feel that the existing institutions are adequate and those who feel that new ones are required.

Nine of the 18 committee members who are against say that "it is tempting to want to propose dramatice initiatives affecting the financial institutions, but we believe that this is not only misconceived but likely to lead to a waste of resources."

They argue that a wide range of mechanisms for public financial assistance—like the NEB and the development agencies—already exist and that they have not been used to the extent originally envisaged. Another one would be merely duplication.

Five of the committee, including Sir Harold Wilson, the chairman, and the trade union members, feel that a new investing institution of substantial size is required. They propose a facility into which the Government and the investing institutions will put £1bn each initially and then up to £1bn each per year—equivalent to 10 per cent of the annual inflow of cash into the institutions.

The institution would be administered by a tripartite steering committee representing employers, unions and Government. The institutions would be guaranteed a rate of return at least as high as that on Gilts.

Four other committee members think that such a proposal is unrealistic because it is based on the "fundamental misconception" that "large resources" are, by themselves, the answer without the right men to employ them and the ideas to employ them in. The four ask for a new institution which will start more modestly

Reports by FT writers Michael Cassell, Nicholas Colchester, Richard Lambert, Christine Moir and Peter Riddell.

Mortgage changes sought

THE COMMITTEE calls for more competition between building societies and the abolition of the interest rate cartel. This revolution in the home loans industry is already underway.

The traditional system of recommended building society interest rates is under increasing pressure as the search for funds intensifies. The societies recently concluded that they should establish as quickly as possible a competitive rate system capable of meeting mortgage demand more effectively.

The Committee's report supports the view that the cartel produces doubtful benefits and has encouraged "wasteful" forms of non-price competition, such as branch expansion.

It concludes that the only sure way of providing a competitive spur to the societies is to end the recommended rate system and allow societies to set interest rates to suit themselves. This would break the link between investment and borrowing rates.

According to the committee this might lead to more expensive but more readily available mortgages — something which the societies have recognised. It could have important implications for the rest of the financial system and for the level of interest rates in the economy.

The report says that for the time being the societies should be left to operate outside monetary controls. This might have to change if they extend their range of lending in competition with banks and finance houses.

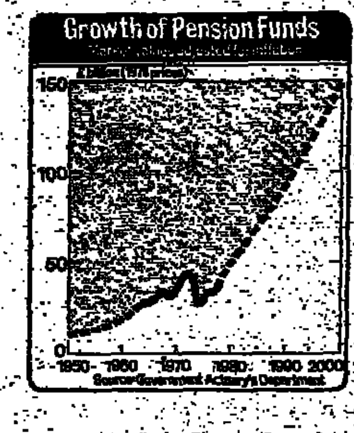
Greater competition would squeeze out less efficient societies and speed up the rate of mergers. It would also require tighter prudential controls involving wider powers for the Chief Registrar of Friendly Societies.

The establishment of a statutory deposit protection scheme, providing 100 per cent cover, is urged.

The report calls for an end to the composite rate tax system by which the societies pay tax on behalf of their investors. Some means should be found to allow depositors who do not pay tax to receive interest at the gross rate.

Building societies should no longer pay Corporation Tax at a concessionary rate of 40 per cent—compared with the usual 52 per cent. This was worth about £25m to the societies in 1979-80 and could be recouped by a mortgage rate rise of less than 0.2 per cent.

Pay-as-you-go pensions 'would become a burden'



THE CONCEPT of funding pension schemes—that is, setting money aside in advance to meet future liabilities—does not gain wholehearted support from the committee. Alternative arrangements could be envisaged which would give pensions "at least as much secuirty" without involving the accumulation of financial assets on such a substantial scale.

But funding does "provide at least the opportunity for high saving and real investment" whereas the notion of providing pensions from current contributions (pay-as-you-go) is risky. "For a company with a declining workforce a PAYG scheme would rapidly become a heavy burden," the committee warns.

PAYG also relies on the continued existence of an industry and its ability to meet pensions payments. This cannot be guaranteed even for a nationalised industry, so the committee strongly recommends that nationalised industry pension funds continue to be funded.

In any case, the report says, the main benefit of changing to PAYG and a Government guarantee for pensions in this sector—an immediate substantial reduction in the Public Sector Borrowing Requirement—would probably only be window dressing.

The report therefore assumes that "funding will continue to be the main method of providing for pension liabilities" and this, according to the Government Actuary, will lead to a net annual inflow into the movement of about £5bn a year at 1978 prices.

The size and power of the movement, which had a market value of £40bn (including insured schemes) in 1978, brings with it the need for greater responsibility and much tighter regulation.

The report declares that trust law under which pensions have developed is now inappropriate and a new Pension Scheme Act is required, analgous to the Companies Acts. This would impose a clear statutory obligation to provide detailed audited annual accounts.

The information should be lodged with a special pensions registry possibly within Companies House since the Occupational Pensions Board has declined to be the registrar.

More detailed regulations should be left to a Code of Practice drawn up by the OPB — a voluntary code simply won't do, according to the committee—which would provide yardsticks for concentration of investment and self-investment in the parent company or industry. The committee itself is divided over whether self-investment ought to be encouraged or prohibited.

Index-linked bond finds supporters

Hugh Routledge

Sir Harold Wilson

The issue of index-linked (inflation-proofed) bonds is back on the agenda for public debate after several years in which even the smallest experiment was backed by the authorities.

The Wilson Committee challenges this view, and argues for experiments with the use of index-linked industrial bonds.

The report discusses the case for and against indexation in detail.

None of the members of the committee would welcome a totally indexed economy. But they maintain that the "suggestion that even to consider index-linking is repugnant because of the implied admission of failure (to control inflation) is no longer an overwhelming argument, if indeed it ever was."

Accordingly, specific proposals for index-linking should be considered on their merits. The committee is unanimously agreed that neither tax arrangements (particularly capital gains tax) nor informal pressures should discourage companies from using what could be an important financial facility, and which could in principle do more than any other to remedy the current shortage of long-term borrowing possibilities for industry in the capital market.

It is expected that such issues would be confined to the longer end of the market, with an initial maturity of at least 10 years with the capital value index-linked to earnings rather than prices.

The report mentions that a possible alternative to index-linked debentures might be indexed preference shares.

Protection could be offered to companies by means of arrangements similar to the Export Credit Guarantee Department cost escalation scheme.

The committee is divided about the merits of a similar experiment in, the issuing of index-linked gilt-edged stocks—as a way of reducing the real cost of government borrowing and making it easier for private sector employers to provide index-linked pensions—and in index-linked mortgages—as a way of helping first-time borrowers and encouraging investment in housing.

In view of this disagreement no firm recommendations are made.

The issuing of index-linked gilts has been considered a number of times by the Government but has been rejected, mainly because of fears about the spread of inflation-proofing to the rest of the economy. The subject is, however, now being re-examined by the Treasury and the Bank of England.

Financial institutions need body 'with wider responsibilities'

DESCRIBING the complex mixture of statutory and non-statutory arrangements for regulating the financial institutions, the Committee says there is a need for a body with wider and more open responsibilities than those exercised by the Joint Review Body.

This was set up by the Bank of England and the Department of Trade in 1977, and should be replaced by a new authority made up of civil servants and outsiders, which should conduct its affairs in as open a way as possible.

It should cover all parts of the financial system, including the commodity markets, and report regularly to Parliament. Its job would be to identify gaps and potential weaknesses in existing regulatory arrangements.

The committee says that the Stock Exchange has become noticeably more open in recent years, and more sensitive to its broader responsibilities. But it believes there is a strong case for changes in the composition of the Stock Exchange's governing Council, which should be widened under the supervision of the Council for the securities industry. Outsiders should be brought in from the ranks of investors, listed companies, and professionals concerned with the securities market.

The report says there is no certainty that the Takeover Panel would be more effective if it had statutory powers. But it recommends that the Council for the Securities Industry should keep this issue under continuous review.

However, the committee has doubts about the council's present membership, level of staffing and relationship with bodies represented on it. The number of independent members on the Council should be increased to half the total, and a chief executive should be appointed together with a stronger supporting staff.

The Council for the Securities Industry's formal authority over the Stock Exchange should be put beyond doubt both with regard to changes in the Stock Exchange's rules and to such issues as the level of commissions.

Legislation to amend the Preventions of Frand Act, along the lines proposed by the last government, should be introduced as quickly as possible.

Overall, the committee states: "We do not believe that the case for any significant shift in the balance between the statutory and non-statutory aspects of the regulation of the securities markets in this country has yet been demonstrated. . . We do not believe that the creation of an independent statutory commission would be the right way to proceed at present."

The committee members

The 615-page two-volume report of the Committee to Review the Functioning of Financial Institutions contains nearly 50 specific recomendations which it has drafted after 3½ years.

The committee, which was chaired by Sir Harold Wilson, had 18 members drawn from the trade unions, the City, industry and academia. The members were: The Lord Allen of Fallowfield, CBE, Professor Andrew Bain, Gordon Bayley, CBE, Zachry Brierley, CBE, Sir Kenneth Bond, Sir Kenneth Cork, GBE D Litt, Professor Ralf Dahrendorf, Andrew Graham, Clive Jenkins, Richard Lloyd, Leif Mills, Professor Joan Mitchell, The Rt. Hon Lionel Murray, OBE, Sir David Orr, MC, Sir John Prideaux, Hugh Stephenson, Sir Arthur Sugden; the secretary was Christopher Kelly.

The committee has already publishedan interim report on the financing of small companies as well as 13 volumes of written and oral evidence, a progress report and three research studies.

Shareholders 'should not interfere in day-to-day management decisions'

SHAREHOLDERS should never "seek to interfere in day-to-day management decisions" in the companies they own, and even "on major policy issues should be slow to substitute their own judgement for that of management," the report says.

Yet shareholders are at the same time exhorted to improve their contacts with companies and act rather sooner to correct problems.

Although the committee has little comment and fewer recommendations to make in the field of shareholders' relations with companies, it pronounces that "it is clearly in the public interest that weak or inadequate management should be changed and that efficient management should be kept on its toes."

The annual company meeting is the best forum for such an exercise.

The institutions are cleared of using their common interests to act in any "monolithic" way to push companies in directions they believe desirable. In any case, their actions to date have usually been of advantage to all shareholders, although there are issues, such as dividend policy, where that might not always be so.

If anything, the institutions are criticised for not acting soon enough on problems. The investment protection committees and the Institutional Shareholders Committee are adequate for any collective action needed but they "would often be more effective if they acted at an earlier stage."

The institutions come in for some criticism in their choice of companies to invest in. They are more "averse to risk-taking" than private individuals, and their increasing dominance of the equities markets could in turn depress risk-taking by companies seeking their funds.

Funds should interpret their fiduciary duties to protect their members in a wider sense. It is in their members' future interests that the overall growth of the economy be promoted and that might mean accepting new and higher-risk industries in their portfolios.

The committee also briefly touches upon the composition of company boards and says that non-executive directors are valuable but should not be compulsory.

Monetary reform backed

THE COMMITTEE comes down on the side of modest reform in the operation of monetary policy and of major changes in the present methods of selling gilt-edged stocks.

The main report specifically avoids a judgment in favour of either "monetarism" or "Keynesianism" and felicitously does not mention either label in its review of the subject. However, in an addendum six members of the committee criticise the use of published medium-term monetary targets.

The committee as a whole suggests that to encourage financial markets to take a longer-term view the authorities should consider changing the way in which they present their monetary target. This might perhaps be done by setting a central target rate and stipulating the percentage deviation from the target value in the level of sterling M3 which would be regarded as aceptable.

After noting the disadvantages of direct controls the committee says any new system should aim to influence credit creation in the private sector primarily through its price. This is in line with the approach in the recent Government Green Paper on monetary control.

The committee also rejects the case for bringing building societies within the present scope of monetary control. It recommends that the special treatment of the call money liabilities of the discount houses should be discontinued.

The most controversial suggestion in this area is that the Government should consult with the financial institutions about the possibility of funding part of the public sector borrowing requirement by the issue of long-dated stocks through an underwritten tender.

This would involve the announcement by the Bank of its funding needs for, say, six months ahead which would be met by the issue of stocks at regular intervals throughout this period. Stock would be offered with the underwriters agreeing to tender for their quota of the issue at a price not less than some fixed margin below the price of comparable stock

Jobbers under pressure from all sides

The report provides a concise account of the unique way in which the UK stock exchange operates and notes that the "single capacity" jobbing system, which forms its basis, is now under pressure.

The jobbers are squeezed between high interest rates, at which they finance their positions, and a decline in real terms of the value of market turnover.

They are troubled by the rising institutional dominance of the market, and a growing proportion of transactions are being done directly by brokers finding both buyer and seller.

Finally, certain leading UK equities are being traded between foreign brokers outside the exchange.

It appears to be increasingly difficult for jobbing firms to remain profitable by dealing in UK equities alone.

The Wilson report also discusses the examination of the Stock Exchange rule book by the Restrictive Practices Court. It notes that this has inhibited the Stock Exchange from debating alternative trading systems and that the restrictive practices court is not well designed for considering alternative proposals.

From its impressions about the jobbing system the Committee concludes that "there is cause to doubt whether the present (SE) system will be able to continue without substantial change. . . ."

While not stating explicitly that the Restrictive Practices court examination should be abandoned, the Committee feels that the Council for the Securities Industry should undertake an "urgent" consideration of alternative trading systems.

The "single capacity" system does have advantages, the Committee says, but is not irreplaceable. One feature of an alternative system might be a freer flow of information about prices at which transactions of the SE are taking place.

Round-up of other important topics

Bank lending: The increasing dependence of British industry upon the banks for medium-term finance is spelled out by the committee.

This dependence arises partly from the closure of the market for fixed rate long-term debentures. The committee hopes that the banks will be able to increase the quantity and average maturity of such lending further.

If they come up against prudential constraints in so doing they should be helped, the committee says, by a limited rediscount facility which would allow them to swap medium-term loans for cash provided by the state. The committee recommends that such a facility should be set up straight away, administered either through the Bank of England or through some other body such as Finance for Industry.

Insurance legislation: The committee finds some cause for concern about the Secretary of State's powers to find an individual not to be a fit and proper person to be a controller, director or senior officer of an insurance office, and to use this as a reason for preventing the office from doing business.

Its compatibility with the European Declaration of Human Rights has been questioned, and the Ombudsman has imposed limits on the future use of this power.

A rather different approach has been adopted under the Banking Act, which includes the formal right of appeal. The committee recommends that if this approach proves effective, consideration should be given to bringing both the insurance legislation and that governing licensed dealers in securities into line.

If it proves impossible to make changes of this type effective, it may be necessary to move towards more clearly defined and restrictive systems of supervision.

Tax and financial institutions: Inflation which cannot be accurately predicted causes holders of net monetary assets to lose, and holders of net monetary liabilities to gain. Such losses are not confined to financial institutions but apply to most businesses where monetary assets are large in relation to total assets.

The Committee believes that as part of any changes to company tax to take account of inflation, the need for financial institutions to maintain their real capital intact should be recognised by some form of adjustment to taxable profit for net monetary assets. It recommends that the Government should take note of this in its current review of company tax.

Tax Neutrality: There is a constant reference in the report to the way in which biases in taxation have shaped the financial institutions, helping, among other things, the rise in influence of the insurance and pension funds. The committee expresses a basic preference for fiscal neutrality but warns that established concessions cannot be removed suddenly and that it may be easier to compensate for anomalies in taxation, by providing reliefs elsewhere.

Nevertheless, the Committee recommends that consideration should be given to putting the tax treatment of interest payments by all deposit taking institutions onto a common basis, that the tax relief given to life assurance premiums be extended to any other form of contractural medium and long-term savings, and that the tax arrangements for Government borrowing be brought in line with those applying to other borrowers.

Nationalisation: The report goes into the pros and cons of nationalising major financial institutions at some length. In the end it is one of the major unanimous recommendations of this committee that there should be no extension of the public sector into banking and insurance by way of take-over of existing institutions.

The clinching argument appears to have been the committee's impression that nationalising these institutions would not have made much difference to the flow of funds to British industry. The report notes that comparison with the financial systems of other countries suggests that nationalised banks and institutions do not operate very differently from non-nationalised ones, and that the responsiveness of banks to Government directives has little to do with private or State ownership.

More highlights from the report

The Bank of England should take further steps to equip itself "adequately with staff of experience and qualifications."

It should also seek to draw its non-executive directors from a wider range of backgrounds and interests than at present, though not as delegates of any pressure group. They should have a maximum period of service of two four-year terms.

The Department of Industry should give further consideration to special support for new and technologically advanced industries on grounds similar to the help it supplied for the development of North Sea oil.

In fact, Sir Keith Joseph has already instigated a study in this subject.

The Stock Exchange should review its rules for share placings in the light of the committee's belief that for small companies especially, they may be preferable to rights issues which are normally demanded by the Stock Exchange.

The committee sees "no reason for insisting on a wide spread of shares for all companies" and sympathises with family companies who wish to see shares in friendly hands.

Companies should be encouraged, perhaps through the listing agreement, to provide more detailed information about the purposes to which rights proceeds would be put.

The Council for the Securities Industry should make an early study of the system of underwriting rights issues. "There is some reason to believe that commissions earned by sub-underwriters may have been excessive in the light of the risks undertaken."

Companies should have the option of issuing no par value shares and of similarly converting existing equity.

Some committee members would like to see tax concessions, similar to those now available in France, for the acquisition of new company securities. The tax concession rate should be similar to that for life assurance policies.

The effects of institutional behaviour on the securities markets should be the subject of further study, though by whom is not identified.

Although the development of an unlisted securities market should be encouraged trustee status should be confined "at present" to listed companies.

Government should begin a "wide-ranging review of the effects of portfolio and direct overseas investment inward and outward on the economy."

The Government should begin a "wide-ranging" review of the effects of portfolio and direct overseas investment, inward and outward, on the UK economy. It should consider the possibility of establishing a Foreign Investment Review Agency as part of this.

The committee notes that UK institutions invest much more abroad than their European counterparts but admits that the implications of this are at present unclear.

Government should review the anomaly whereby a lump sum up to 1½ times final pay may be taken as a pension on retirement tax free. This costs the Exchequer an estimated £610m last year.

Building societies should be obliged by statute to file cash flow statements with the registrar.

The registrar of building societies should be given powers to enforce the winding up of societies for prudential reasons and to promote mergers.

No advantages would flow from a merger of the Girobank and the National Savings Bank. Administrative problems would not be offset by prospects that the new bank would attract people without bank accounts.

The Bank of England should become more closely involved in regulating the admission of banks to the Clearing House.

Government should give further consideration to the best way of achieving a balance between company and worker representatives on pension funds above a minimum practical size.

Shipyards share £5m contract

A CONTRACT to build a fast patrol boat for the Barbados Government will provide employment at Brooke Marine, Lowestoft, until the second half of next year, according to British Shipbuilders.

The order is part of a £5m contract. The second part has gone to another British Shipbuilders subsidiary, Vosper Thorneycroft (UK) which will convert coastguard and marine maintenance facilities in Barbados.

Swann, Hunter (Trinidad), a private-sector company, is working on converting two shrimp trawlers in to coastal patrol vessels.

Passenger record broken

A RECORD number of passengers passed through the port of Dover in the first five months of this year, an increase of 27 per cent to more than 3.25m. The number of passenger vehicles rose by over 18 per cent to almost 400,000.

Although the total tonnage of freight handled increased by more than 10 per cent compared with the same period last year, the number of commercial road haulage vehicles using the port continued to fall to 207,000, a drop of nearly 8,000 on last year.

New row looms at The Times

BY JOHN LLOYD, LABOUR CORRESPONDENT

BITTER ACCUSATIONS of bad faith and non-observance of agreements have erupted at Times Newspapers Limited where talks between management and the print union, the National Graphical Association, on working agreements have been suspended since March.

There is now some danger of a further confrontation of the kind which closed the Sunday Times, The Times and its supplements for 11 months last year with a loss of £30m.

Mr. George Jerrom, the NGA's national officer with responsibility for Fleet Street, told the NGA biennial delegate meeting at Blackpool yesterday: "Our members at Times Newspapers are at the end of their patience."

Mr. Jerrom said he had withdrawn from any further attempts to negotiae agreemens between the NGA and the company.

Times Newspapers said that the union was "hypocritical" and "dishonest." It is believed that Lord Thomson, the company's proprietor, has spoken of his "deep disappointment."

The root of the conflict is the wholly different interpretations made by the two sides on which agreement governs talks on "front-end systems"—that is, computerised type-setting equipment.

The company insists that a Press statement agreed between TNL and the NGA in June, last year—when publication of the paper was suspended—included the commitment to talks on front-end systems within 12 months. This, it claims, is the operative one.

The union says that statement has been superseded by the return to work agreement signed by both sides last October. That agreement puts a moratorium for three years on talks about front-end systems.

The present deadlock was precipitated in March, four months after resumption of publication, when Mr. Dugal Nisbet-Smith, Times Newspapers' general manager, asked the NGA to begin talks on front-ending.

When Mr. Jerrom refused, all negotiations on working agreements were suspended.

NGA officials at TNL who are attending the conference in Blackpool said yesterday that a fund of discontent was being built up which would explode when the main working agreements came up for renegotiation in October.

The company yesterday accused the NGA of industrial disruption, resulting in the loss of copies. The newspapers are still making heavy losses. None of the £3m worth of new technology designed as a front-end system has been used.

The NGA is determined not to allow The Times to be a special case, and to delay any talks on front-ending at least until there has been a successful merger between the print unions and the National Union of Journalists.

Ford to meet unions

By Philip Bassett, Labour Staff

UNION LEADERS have secured an urgent meeting with Ford UK on the company's decision to call for 2,300 voluntary redundancies because of reduced demand for cars in European markets.

The meeting, set for next Thursday, is likely to reflect the union's anger at what they see as Ford's failure to consult them before the redundancies were announced earlier this week.

Mr. Jack Whyman, executive member of the Amalgamated Union of Engineering Workers, said yesterday that the company had agreed to the unions' request for a meeting. He said the unions were "extremely annoyed" at the lack of consultation.

Ford is asking employees aged over 55 with at least 10 years' service with the company to volunteer for early retirement and for those with less than five years' service to take up redundancy. Many Ford plants are already working short time.

Delegates at the annual conference of the Confederation of Shipbuilding and Engineering Unions specified Ford's announcement as being simply the latest of what would become a growing wave of redundancies

TUC call to help young jobless

BY CHRISTIAN TYLER, LABOUR EDITOR

A SPECIAL conference on unemployment may be organised by the TUC in the autumn to meet demands by trade union leaders for some positive action.

The conference may discuss ways of strengthening the TUC's links with the unemployed so that it can better represent their views.

The white-collar union ASTMS has already suggested that the youn employed be entitled to hold some kind of direct membership of the TUC. But the pln has not drawn much support, according to other union leaders yesterday.

Sympathy

A proposal for recruiting the young unemployed into membership of the Transport and General Workers' Union is being discussed this week at the conference called to revise union's rules, in Weymouth, Dorset.

Although sympathetic to the concept, TGWU executive members argue that it would be impracticable, and the proposed motion for this change in the rules seems unlikely to be carried.

Like other unions, the TGWU already allows retired and unemployed members to hold a union card. Indeed, the present chairman of the TGWU, Mr Stan Pemberton, is unemployed following the loss of his job in Dunlop cutbacks on Merseyside. ...

Willing

After yesterday's monthly meeting of the general council Mr. Len Murray the TUC's general secretary, said there would be further discussion about it at the annual congress in September. He described the latest unemployment figures as "horrifying," continuing level of long-term unemployment," yet at the same time families wages were under attack.

Asked about forthcoming discussions with the CBI, Mr. Murray stated categorically that there were no plants for talking to the CBI nor to the Government about pay.

He repeated the TUC's declaration that it was, however, prepared to discuss any matter provided there agenda was agreed to be wide-ranging and the Government showed it was interested in what he called "serious discussions."

Whitehall 'influence' claim

By Philip Bassett, Labour Staff

THE GOVERNMENT was clearly influencing employers' responses during last year's national engineering dispute, despite its avowed policy of non-intervention, Mr. Ken Baker, president of the Confederation of Shipbuilding and Engineering Unions said yesterday.

Mr. Baker, in a review of the dispute which caused major industrial disruption by a series of one- and two-day strikes, said: "There was no doubt in my mind at all. The influence of the Government was easy to be seen"

He also suggested that European metal working employers, fearful of having to match any breakthrough towards a shorter working week by the British engineering workers, were also active during the negotiations between CSEU and the Engineering Employers Federation.

The settlement of the dispute finally included an hour off the 40-hour week by next year, which the unions claim as a historic victory.

Mr Baker, speaking to the Confederation's annual conference in Llandudno, criticised the use of the lock-out by a number of employers, including Rolls-Royce, as a weapon during the strike.

Laggers plead for 'sensible pay'

BY OUR LABOUR STAFF

LATEST ATTEMPTS to train workers to take over qualified laggers' jobs on the Isle of Grain Power station site can only put off the day when "sensible" pay arrangements are made to cover all trades, the Parliamentary select committee inquiry into the laggers' bonus pay dispute was told yesterday.

Mr. Frank Earl, national officer in the General and Municipal Workers Union, giving evidence before the committee, offered little prospect of an early resolution to the present inter-union row over laggers' bonus payments.

The committee has been set up because of Parliamentary concern about the dispute and its implications for the future of power station construction projects in Britain.

Mr. Earl represents former laggers on the site who have been fighting to keep their open-ended bonus agreement in spite of strong opposititon from other construction unions.

He said the union would be party to a national agreement covering laggers' pay provided it had a say in the construction of an agreement.

He emphasised, however, the laggers' argument that if any ceiling were placed on the maximum bonus payment the bonus scheme would act as a disincentive to productivity.

The union's evidence showed that three-quarters of laggers, received earnings of between £84 and £120 a week and one quarter received earnings of up to £400 a week.

Mr. Earl said there had been no evidence of high earnings by laggers causing industrial relations problems on other sites.

Industrial action at ICL over pay offer

BY NICK GARNETT, LABOUR STAFF

UNIONS representing most of the white-collar staff at ICL, Britain's sole major computer manufacturer, will this week start a programme of industrial action following the company's refusal to improve a 12 per cent pay offer.

The action, which follows a vote of about 10 to one against the company's pay proposals, includes an overtime ban and a one-day stoppage on July 3. About 8,000 union members are covered by the negotiations.

Officials on the joint union committee are due to meet on July 7 to discuss further industrial action, including a ban on all work subcontracted out from ICL, disruption to the company's cash flow and selective strikes.

The five unions involved in the action are the Association of Scientific, Technical and Managerial Staffs, the Association of Professional, Executive, Clerical and Computer Staff, the white-collar sections of the Transport and General Workers Union and the engineers and electricians unions.

Staff involved range from senior managers to clerks. Union officials representing workers in computer repair services, who have also received a 12 per cent offer, are discussing their next step.

The company has just under 20,000 monthly paid workers at its five major sites. The offer, to run for a year from June, follows a similar-sized deal concluded with manual workers in January.

On top of the 12 per cent, ICL, which is very profitable, is proposing to continue its long-standing merit payment system which union officials say would be worth a further 3 per cent on the wages bill.

The company is trying to secure a major Government order for the further computerisation of the Inland Revenue.

Mr. Tim Webb, ASTMS national officer, said in view of this contract it was a pity ICL had alienated its staff with its offer.

RAIL DECISION APPEAL

THE TUC is seeking legal advice on the decision of the European Commission on Human Rights that the dismissal of three British Rail workers for refusing to join unions in a closed shop was a prima facie breach of the European Convention on Human Rights. The TUC said the decision had implications for established bargaining arrangements and its own disputes machinery.

MSC cuts could 'lead to neglect'

BY NICK GARNETT, LABOUR STAFF

THE MANPOWER Services Commission has told the Government it should not be expected to contribute staff savings under the programme of Civil Service manpower cuts.

In a forthright letter which Mr. James Prior, Employment Secretary, received yesterday, Sir Richard O'Brien, the MSC chairman, said further large staff reductions would reduce craft and other training and lead to social neglect.

The letter follows a Commission meeting earlier this week which discussed a letter from Mr. Prior about Civil Service cuts.

In that letter Mr. Prior said it would not be realistic to expect that a manpower reduction of less than 8 per cent in the Employment Department group, which includes the MSC, will be acceptable to Ministers.

"We find this difficult to accept," says Sir Richard who argues that the Commission suffered a recent 12.8 per cent staff reduction compared with a general civil service reduction of 5.5 per cent. This should be taken into account in deciding what share of further cuts it should now bear.

The Government is assessing where cuts can be made and has said there can be some flexibility in the distribution of reductions between Government services.

Sir Richard says as a result of cuts already imposed the MSC's employment service will have less staff than at the time it separated from the Unemployment Benefit service.

"The point is that needs are growing far faster than we can possibly hope to improve productivity and that there is already a great gap between needs and provision in some cases.

"Unemployment among certain disadvantaged groups is worsening quickly and we are particularly worried by the situation of ethnic minorities.

"There are in our eyes the most powerful arguments against a further cut in 1981-82 and we would ask you so to report to your colleagues."

The TUC general council yesterday reaffirmed its "repugnance" of the Government's economic policies.

It said: "Cutting the social security entitlements of the unemployed on the one hand, and MSC services on the other, represents a vicious attack by the Government on those least able to protect themselves."

Pilkington workers accept 18.5%

FINANCIAL TIMES REPORTER

MANUAL WORKERS at Pilkington Glas have voted four-to-one to accept a pay offer giving increases of 18.5 per cent on general artes.

Mr. David Warburton, national industrial officer for the General and Municipal Workers Union which represents the workforce, said yesterday that the deal provided for retirement at 63, improved holidays and a reduction in the working week from next year.

"Our members have demonstrated their support for the union's campaign against growing unemployment by backing us in our negotiations on holidays and hours," said Mr. Warburton.

Millan leads attack on jobless levels

BY IVOR OWEN

LABOUR'S political offensive over the Government's failure to prevent unemployment soaring to record post-war levels continued in the Commons yesterday, with renewed demands for the resignation of Mr. James Prior, the Employment Secretary.

They were led by Mr. Bruce Millan, Shadow Scottish Secretary, who underlined the fact that Ministers were no longer dismissing as "scare talk" forecasts that the numbers out of work will pass the 2m mark at the beginning of next year.

Grim-faced Tory backbenchers sat in almost total silence, as Mr. George Younger, the Scottish Secretary, responded with further assurances that the Government will keep its nerve and not depart from the monetarist policies now being pursued.

"No Government should take short-term measures which weaken the chance of a longer-term recovery on which our future prosperity crucially depends," he declared.

For far too long, Mr. Younger contended, successive Governments had allowed themselves to bolster up industries and firms which were past redemption, and implemented ill-thought-out palliative which had reduced confidence in the British economy.

He claimed that there was widespread recognition that the Government had been fully justified in setting a new course, and forecast that "people in general" would support a Government which showed that it had the guts to set its hand to applying the remedies which were required.

Waving aside Labour jeers, Mr. Younger insisted: "We have placed the economy firmly on the path to recovery.

"Our policies are designed to create that fundamental improvement in our economic performance, without which no solution to the problems of unemployment will be found."

Mr. Millan argued that Government protestations of concern over the rising level of unemployment were of little value if Ministers persisted in perverse policies which would drive up the numbers out of work to levels not experienced in Britain since the 1930s.

The June count, revealing that unemployment in the UK had soared to 1,659,676, would soon be followed by even worse figures—the addition of summer school leavers made a further substantial increase inevitable.

"For the first time since the war we have a Government which has deliberately abandoned full employment as a policy," he declared.

Mr. Millan, who stressed that the level of unemployment was already producing signs of social unrest in some parts of the country, warned that without a change of Government policy the situation was likely to continue to worsen for at least two or three years.

He named Mr. Prior as one of the members of the Cabinet who had no belief in the Government's policies and maintained that this made his resignation all the more necessary.

Only by resigning, Mr. Millan maintained, would the Employment Secretary be able to continue to command respect.

Mr. Millan emphasised the "mood of despair" in much of British industry and called for an immediate reduction in interest rates.

This by itself, he said, would have a significant effect on the strength of sterling and help industry to become more competitive.

Rippon criticises economic policies

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE GOVERNMENT'S economic and employment policies came in for strong criticism during the debate from Mr. Geoffrey Rippon, a former Conservative Minister.

Calling for greater flexibility and warning of the dangerous effect of high unemployment, he declared: "It is not a question of making U-turns but of responding to changing circumstances and the realities of economic life.

"The man who goes out on a sunny morning with a rolled-up umbrella to use as a walking stick is not criticised for making a U-turn for putting it up when the deluge comes."

Speaking from the backbenches, Mr. Rippon, who served in the Heath Government and negotiated Britain's entry into the EEC, said that the upward trend in unemployment could not be ignored. There were cries of agreement from the Labour benches at several points during his speech.

"There are no benefits from high unemployment," he insisted. "We cannot exaggerate not merely the economic and financial but also the social cost of unemployment at present levels."

He called for a positive regional policy and "sensilbe public investment" to create wealth. Such a policy could reduce unemployment without overheating or damaging the rest of the economy.

He argued that this was better than wasting over £1bn a year on higher unemployment benefits which resulted from the increased numbers out of work. He pointed out that the steep increase in benefits would have an adverse effect on the Government's attempts to reduce the public sector borrowing requirement.

The present high interest rates and exchange rate did not automatically curb the public sector borrowing requirement, he said. Meanwhile, industry was being forced to borrow at rates that crippled investment and profits, and which aggravated the unemployment problem.

"The only beneficiaries are the money lenders who are allowed to act as though the word usury had never been invented," he said.

He thought that Britain might be heading for a period of uncertainty and fear and if that called for a change of direction "then so be it."

Mr. Rippon opposed the British Steel Corporation decision to close the Consett works which, he said, would have a devastating effect on the community. The Government should not underestimate the social and economic damage that could not be repaired.

The opening of the new Labour Party headquarters in the Walworth Road, S.E. London. (From left): Dennis Skinner, NEC, Clive Jenkins, ASTMS general secretary, Teddy O'Brien NATSOPA national assistant, secretary, and Anthony Wedgwood Benn.

Callaghan clashes with NEC

BY ELINOR GOODMAN

MR. JAMES CALLAGHAN yesterday publicly dissociated himself with a policy statement on Northern Ireland approved by his party's executive. The move was a very unusual one even by the standards of the divided Labour Party.

At the same meeting of the National Executive, Mr. Callaghan also clashed with the Left over the question of whether extremists of any kind should be expelled from the party.

Behind this debate was the fundamental question of whether extreme Left-wing groups like the Militant Tendency should be allowed to operate within the party.

For, if the Left were to push for expulsions on the far Right, it will be much more difficult for them to argue against expulsions on the far Left.

For this reason, Mr. Anthony Wedgwood Benn, the leading Left-winger on the Executive, was yesterday in the unusual position of arguing against expelling an extreme Right-winger, while moderates, like Mr. Callaghan, were arguing for a strict application of the rules. Mr. Callaghan eventually succeeded in getting a decision deferred.

The statement on Northern Ireland was originally proposed by Mr. Tony Saunois, the Young Socialist member of the executive.

It was approved earlier this month by the party's home policy committee, chaired by Mr. Anthony Wedgwood Benn. Yesterday, Mr. Callaghan failed to have it referred back to the committee for re-drafting.

Mr. Callaghan, a former Home Secretary, objected strongly to the reference in the resolution to methods used in Northern Ireland to control prisoners and the suggestion that these techniques "might be perfected for use against the Labour movement in Britain."

Mr. Callaghan was more successful, however, in heading off moves to allow extremists to stay in the party, almost regardless of their political opinions.

Under discussion was the particular case of Mr. Douglas Eden, a member of the far right Social Democratic Alliance which at the last election appeared to break all the party rules by urging voters in some areas not to vote Labour because they had such Left-wing candidates.

Mr. Eden's local party has voted to expel him. But at a meeting of the NEC's home policy committee earlier this month it was proposed that his expulsion should not be upheld by the executive.

Mr. Callaghan, and other moderates, argued that the local parties had a duty to enforce the party's rules. Mr. Benn, however, maintained that people should not be thrown out of the party merely for what they said.

It would be very dangerous for the party, he argued, if the majority was allowed to throw out the minority merely because it disagreed with its views.

Mr. Callaghan, however, was successful in getting the resolution referred back to the organisation committee.

Yes to devolution plans expected

THE CABINET is expected to give the go-ahead today to Government plans for a devolved assembly in Northern Ireland. Ministers hope that a document detailing the proposals will be published next week.

Mr. Norman St. John Stevas, Commons leader, has already told MPs that they would probably be given the chance to debate the devolution plans some time in July.

Direct rule in Northern Ireland runs out on July 16 but MPs will be asked to renew the Order for continued government of Ulster from Westminster during the week before to avoid a clash with the traditional marches in the province.

The proposals for an assembly will contain a number of options which will go out for widespread consultations during the summer, with a view to legislation in the new session of Parliament

If all goes well, elections for the assembly could be held in about a year's time.

The devolution plans follow the constitutional conference set up by the Government and chaired by Mr. Humphrey Atkins, Ulster Secretary, which was boycotted by the province's largest Protestant party, the Official Unionists.

Since the conference was wound up, a working party of ministers headed by Mr. William Whitelaw, Home Secretary, has been hammering out detailed proposals.

As the proposals have already been seen and approved by Mrs. Thatcher, it is virtually certain that they will get the backing of the full Cabinet when, as expected, they are put before its weekly meeting today.

Mr. Charles Haughey, Irish Premier, said yesterday the new British political blueprint on Ulster will have to include something for both the Protestant and Catholic communities.

Mr. Haughey and other Irish Republic politicians have repeatedly stressed that the Northern Ireland Catholics have to be given a significant role — and the Dublin Premier has told Mrs. Thatcher of his anxiety on this twice in the past month.

He told the Dublin Parliament yesterday that the Ulster crisis was "the major issue in our country today."

Tax move to ease cash flow problems

BY IVOR OWEN

LEADING TORY backbenchers are pressing the Government to ease industry's cash flow problems by introducing a new system of "instant" tax relief on loans obtained by companies to finance production or stocks.

Based on a formula devised by the CBI, the new system would permit banks to be credited with the tax relief due on qualifying loans so that from the initial date of the borrowing, the companies concerned would pay interest only at the net instead of the gross rate.

Advocates of this change argue that it would afford a means by which the Government could relieve the difficulties of those companies hardest hit by the current record level of interest rates, without involving any general relaxation of the Treasury's control over the money supply.

Sir William Clark, MP for Croydon South and chairman of the Conservative backbench Finance Committee, has tabled new clauses to the Finance Bill which provide the legislative framework for the new system to be introduced.

Whisky exporters urge action on sales barriers

BY GARETH GRIFFITHS

SCOTCH WHISKY exporters have urged Government trade officials to adopt a much tougher and more aggressive approach over foreign barriers to whisky sales.

The Scotch Whisky Association yesterday told a meeting of the House of Commons Select Committee on Industry and Trade it had a strong impression that negotiators for overseas governments were more tenacious than UK civil servants.

Colonel Harold Bewsher, the SWA's director general, said he was not bashing civil servants as the association was grateful for representations made by the Government over Scotch exports. However, it was not always apparent that the Government accorded scotch a sufficiently high priority in trade negotiations.

The SWA is also partially critical of the way in which the European Commission sometimes operates. Colonel Bewsher said that in spite of briefings from the Association and the UK Ministry of Agriculture, several Community moves had "gone off at half cock."

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Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● ENERGY

Solar water heater simple to build

INNOVATIVE SOLAR water heating that runs solely on water pressure, uses water as the heat transfer and storage medium, and has no moving parts has a third winter of tests successfully completed at Arthur D. Little's Cambridge (Mass.) headquarters.

The system has operated favourably at all temperature extremes typical of New England weather. The key to its technical success is an integral solar absorber-storage plate.

This invention eliminates the need for separate storage tanks, circulating pumps, complex controls, and heat transfer fluids such as anti-freeze. Its simplicity allows the new water heater to operate more reliably than conventional solar heating systems and will significantly reduce installation costs. Additional savings can be realised because the system does not use electricity and has no mechanical parts to malfunction or wear out. A proprietary device built into the system prevents water in the absorber-storage plate from freezing or boiling over, even in periods of low demand.

This design can be adapted for use in almost any climate and for homes in most regions the system could satisfy 40 to 60 per cent of domestic hot water requirements.

ADL, 25 Acorn Park, Cambridge, Mass. 02140, U.S.

● PROCESSING

Bright view of data

THE NEW Hewlett-Packard Model 1311B CRT display is primarily designed for use as a graphics computer peripheral. It has a resolution of 24 lines/cm (60 lines/inch) at centre screen with minimum corner defocusing, and with bright, crisp characters and straight lines.

Spot resolution of the 14-inch display is only 0.43 mm (0.017 inch). The spot remains well focused on all parts of the screen, which solves the problem of writing many characters around the picture edges, while showing great detail in curves, graphs or diagrams. An aluminised screen with 28.5kV accelerating potential provides a brightness high enough to assure a crisp presentation of complex computer graphics under adverse lighting conditions.

Image quality is maintained with a contrast control circuit which assures constant intensity with variable contrast. A flat, optical glass contrast filter eliminates trace diffusion and minimises glare to provide sharp traces and high contrast.

Maximum picture detail with minimum flicker is obtained using the extremely fast writing speed of the display. The 1311B can make any size on-screen movement in less than 500 nanoseconds including settling time.

This large screen display uses an electrostatically deflected CRT which requires very little power (only 115VA) with its fast writing speeds. The yokeless, electrostatic deflection also simplifies operation by eliminating geometric correction circuits and unnecessary delay lines while reducing power requirements and weight.

Hewlett-Packard, 308 Kings Road, Reading RG1 4ES. Reading (0734) 61022.

Multi-use terminal on the desk

ADDED TO the top of the ZIP computer terminal range by Data Dynamics, Springfield Road, Hayes, Middlesex (01-848 9781) is the FA Z3, a desk-top unit which includes printer, visual display unit, keyboard, microprocessor and a pair of floppy disc drives all in the same housing.

Inclusion of the microprocessor together with 64k of random access memory and the discs means that when acting as a nominal computer or communications terminal, the equipment has enough brains and memory of its own to undertake data preparation and some processing before sending the data to the mainframe. The terminal can operate in real time mode with the user while dealing on a batch basis with the host machine.

Power and memory of the mainframe can be employed without being continually on line, cutting costs. Also, in a data collection arrangement, the FAZ3 can be connected to the other, generally simpler ZIP terminals, itself acting as a host.

Several of the components of the unit have already been proved in many thousands of ZIP devices already installed.

● INSTRUMENTS

Texas tackles the controller market

AFTER SOME relatively low key activity Texas Instruments, still mainly known in Britain for its calculators and semiconductor products is to make a more pronounced marketing effort at the middle to lower end of the process control market with its intelligent programmable controller PM550.

Although these units have sold well in other parts of the world, particularly the U.S., there are relatively few in use in the UK, although the short customer list is impressive and contains names such as BP, ICI, Unilever, and Pfizer.

The PM550 can perform the sequential control of 400 relays, timers, counters, and so on. It can also monitor 256 on-off sensors such as limit switches and push buttons and will in turn switch up to 256 solenoid valves, motor starters, lamps, and similar items. At the same time it can accept numerical data from 64 devices such as thumbwheel switches and digital meters.

This logic control is combined with analogue loop control which replaces eight proportional integral differential (PID) loop controllers that would be used to control variables such as temperature, pressure and flow, producing 4 to 20 mA or 0 to 10 volt signals to position actuators, vary power controllers and so on.

Such a combination of logic and analogue loop control makes the 550 suitable for batch or continuous processing operations.

From physically tough Texas modules in the plant areas, operators can alter set points of loops and the timing/counting functions using keyboard and one line display.

Similarly, a desk-top program terminal allows the whole 550 system to be set up for squencing, counting, for certain maths functions and for the loop parameters. The company will even supply an electronics box which allows discrete input/output conditions to be simulated without having to wire in the actual I/O system. Thus, programs can be debugged before they are used on the real system.

Texas recognises that it has a considerable existing reputation to uphold based on semiconductors, in a market it has not yet fully addressed. It has therefore been treading carefully and a good deal of assessment has been going on in the user industries over the last year.

In process control terms Texas is not really in contention yet with such "top end" exponents as Honeywell, Foxboro, Taylor Sybron, Rosemount, Brown Boveri Kent and several others. But there seems to be no valid reason why it should not be, and the balance of the market place could be disturbed.

GEOFFREY CHARLISH

● HANDLING

Norway's automated warehouse goes underground

ANYBODY WITH about £37m to spend on an English "hole in the ground" may emulate a Norwegian venture which marries today's technology to sci-fi reality.

This page bans the adjective "unique," yet the description is unquestionably accurate for a subterranean high-bay warehouse and associated order-picking and handling systems complex being built in a disused quarry in Oslo.

Offices and flats will be constructed on the ground-level roof of the distribution and storage facility which is on three levels and can contain over 45,000 pallet places.

The stringent Norwegian laws limiting the amount of time that workers are allowed to spend underground have dictated and accelerated automated storage and handling techniques to make Oslo Varedistribunal the most advanced warehousing system yet achieved.

Here are automated stacker cranes, induction-steered pallet trucks, automatic load inspection units, paternosters and transfer tables all computer controlled via micro-processors built into each machine (even plant maintenance requirements are signalled through the same system).

The project is due to be completed in 1981 and will consist of three high-bay warehouses, served by 24 automated stacker cranes running in aisles which are 18 metres high by 50 metres long, with a fleet of at least 75 automated pallet trucks plying between the bays, the order picking areas and the goods-inward and despatch stations. At peak times, the planned hourly capacity is for 400 pallets in and 430 out.

In principle, goods will be admitted to the system at the lowest level and then be despatched at the top (or ground level). Road vehicles will check in at a reception gate, and then be driven down to the underground loading bay which can accommodate 12 articulated vehicles at a time.

Railborne goods will be unloaded at a terminal to be built close to the gates and then transported by automated pallet trucks to the loading bay. Subsequently, the pallets will be examined, allocated their storage spaces, retrieved, and then despatched at ground level.

At this first stage of completion, all goods are being delivered by road and received at the loading bay for storage in a single bay warehouse at the lowest level. Associated order-picking areas are also at this level and goods are despatched, too, from the underground dock.

The entire system is geared to handling standard Euro pallets with loadings of 1,000 kilos each but there are facilities for palletising or re-palletising goods which do not conform to these standards on arrival.

Sequentially, incoming goods are off-loaded by manually operated pallet trucks from vehicles backed up to the 12 bays, each of which is fitted with a dock leveller. The pallets are then marshalled in defined sections and checked against the delivery notes taken from drivers at the warehouse gate and sent down to the dock by pneumatic tube.

Once the verified information is typed into a computer terminal the procedures are fully automated.

In an eerie Brave New World atmosphere (parts of the quarry walls remains unclad so that the visitor is aware of his subterranean setting) the pallet trucks are guided to computer-located inspection booths which scan each truck in turn to ensure that it conforms in height, weight and shape to the required parameters for storage.

Tolerances of up to 7½ to 10 cm over the Euro standard in each dimension are admissible; loads which do not conform are carried by automated truck to a re-packing area and then re-inspected.

Once it has received an acceptance signal, the computer assigns an address in the high-bay racking and issues instructions to the various machines: to a pallet truck to take the load to a paternoster: to the paternoster to one of six stacker cranes: to the stacker crane to place the pallet in the pre-determined rack.

The system is reversed for despatch. Where order-picking is required, the pallet is transported to a second bay and placed in racking by a manually operated free path, narrow aisle stacker. Items are then picked and consolidated into pallet loads by operators using the order picker. Resultant consignments are then returned to the automated transport system for delivery to a despatch point.

Two computers control the entire warehousing operation. Installed and programmed by SATT, the first is known as LAS and is responsible for stock control; the second, LSS, controls the automated equipment. Thus, the LAS unit monitors the flow of goods, allocates storage spaces, provides status reports for customers and management, and issues instructions to the LSS unit which, in turn, controls the movement of the trucks, paternosters and cranes, prevents queues and, finally, reports the completion of tasks to the LAS computer.

An in-board micro-processor in the automated pallet trucks is programmed to produce three speeds—full, half and "creep"—and to move in forward and reverse directions. Their movement instructions are picked up from wires buried in the concrete floor of the warehouse, and signals from and to the LSS computer are transmitted via control loops placed at intervals along the routes.

Doppler radar fitted to the tips of the fork senses obstructions and guides the truck to accurate location beneath a pallet, while sensors on the forks signal the presence and positioning of a pallet. Extra safety is guaranteed with the fitting of external mechanical sensors plus visual and audible alarms.

Trucks are known as BT ALL (automatic low lifter) and will work long hours on a single battery charge — in the OUD context, they will be used to undertake regular 500 metre journeys up and down the tunnel leading from the rail terminal to the goods inward bay at the lowest level bearing 1,000 kilo loads in either direction.

Significance of the Oslo development to the British materials handling scene is that the designers and builders of the OVD system are BT of Sweden and one of its principal fork truck suppliers, British subsidiary Rolatruc, has opened a systems handling division which means that the technology developed in Norway is now readily available in the UK.

Further information from Rolatruc, Stirling Road, Trading Estate, Slough, Bucks (Slough 30551).

DEBORAH PICKERING

New name in robotics

JUNGHEINRICH of Hamburg, major European manufacturer of electric industrial trucks, has announced its entry into the industrial robot arena.

First models in the new O-Range of industrial robots are scheduled to come off the production line by the end of 1980.

Jungheinrich (G.B.), Southmoor Road, Wythenshawe, Manchester M23 9DU. 061-9987919.

JOBS COLUMN, APPOINTMENTS

Where work depends critically on leisure

BY MICHAEL DIXON

"ALL MY LIFE I've regretted not learning a musical instrument. But I've now bought one and I'm getting quite good. Mind you, it's fairly easy to sound bearable playing a Yamaha organ—to your own ears, at least."

The speaker, a 50-year-old personnel manager, is one of dozens of readers who have answered my plea for advice on what it is like to work as an expatriate manager or specialist in the Middle East. The plea was made because of signs that, despite the increasing threat of redundancy to such workers at home, uncertainty about Middle East conditions deters potential candidates for jobs on offer there.

An expectation that such offers will continue to be open to western expatriates, especially those with technical expertise plus managerial experience, is a common feature of the response which has been more generous than I could ever have a right to expect. As on previous occasions when this column has asked for help, you have done me proud . . . and so have set me two main problems.

The first is how to deal with such a store of detailed information on the various regions of the territory and on different types of employment. Certainly, I could not hope to provide an adequate summary in a single article, and will therefore need to return to the theme for at least part of two or three Jobs Columns after today.

The second problem is where to start. And the answer I have chosen after a lot of shilly-shallying, is in the region which accounts for a good half of the contributions: Saudi Arabia. Hence today's opening quotation from the guy who has found the lost chord.

Prime need

By doing so through the medium of an electronic organ, the personnel manager illustrates a point made by most of the comments from Saudi. It is that stereo sets, video players and other sophisticated apparatus for home entertainment are available there at very reasonable prices although, since they work properly only if manufactured to run on 60 cycles, they are not much use after one leaves the area. Until that time, however, such devices are apparently a prime requirement.

The reason is, in the words of one contributor, that the strict Islamic code forbids "so many things we have been used to taking for granted: alcohol, cinemas, mixed bathing, and otherwise socialising in public with the opposite sex." Another adds that if there are Arabs living in the same neighbourhood, they are likely to complain to the authorities "if you show films in your own home to an audience of men and women." Several point out that there is little intelligible entertainment available even on television, except for the minority who either understand Arabic or live in the Eastern Province within reach of programmes transmitted by Aramco or the Gulf States.

"The Saudis have a fairly high respect for the British," says a further correspondent. "They seem to think that we are less inferior to them than most other nationalities are. Besides, qualified Brits are still "a good buy" when compared with equivalent staff from other Western countries, and they're good at doing technical things that the typical Arab, who is basically a trader and usually a talented one, isn't interested in. And while females aren't allowed to work, there's respect for British women, too, provided they dress on the demure side of modesty and don't venture out too often or too far by themselves.

"But the Saudis stay very much aloof from us socially, so we expats are restricted to our own company. We have our own barbecues and parties, where there's usually booze available. But as it's against the law, there's a tendency for people who partake not wisely but too well to find their social opportunities diminishing. It's also wise to have any booze delivered right to your door. Being caught with alcohol in your car can easily mean prison and deportation and, even if you're a careful driver, there's always a high risk of being run into by an Arab. In addition, there are sports clubs, amateur theatricals etc. However, even if you work in a big operation and live in its compound with a wide variety of expat colleagues, that kind of social round is soon liable to get claustrophobic."

Which brings us back again to the personnel manager. For by reviving his long-lost musical ambition, he illustrates a further important point raised by the bulk of the comments from Saudi. It is that expatriates there need some way of occupying leisure hours satisfyingly—which usually means productively—when they are on their own. No matter how successfully the expat has established friends and trustworthy acquaintances, says yet another correspondent, social engagements do not occur evenly. One week will be crammed with invitations, the next there could well be none.

In sum, how expatriates in Saudi Arabia cope with their leisure hours is critical not only to their general well-being, but also to the success of their work. I must admit that I was at first surprised by the emphasis placed by all contributors on the sensible organisation of off-duty hours, especially since most expats seem to have so few of them by comparison with managers and specialists in the West. The working day usually starts at seven or eight in the morning and ends about 12 hours later, and although a break of three hours or so may theoretically be allowed around mid-day, several correspondents say that they rarely manage to take it in practice. Moreover, most work every day but Friday, and the bulk of others have only half of Thursday in addition.

High value

"But the sheer fact that you have so little time off makes it very important," explains a further letter. "The more hassle there is at the times you're away from work, the harder it's going to be to keep up with your job."

This view was confirmed by a London-based recruitment consultant with long experience of selecting managers and specialists for export to the Middle East. "The ability to be self-sufficient when you're off duty is a prime need in anyone who is going to be an expatriate in Saudi," he said. "That's true of the man who goes out on his own—and, by the way, I wouldn't advise anyone who's married to stay there for long by himself; the first six months while he gets into the job is enough, and then the wife should be out there with him.

"But when she gets there, coping with leisure becomes even more important. It's hopeless if when he gets back after work, his wife adds all her dissatisfactions to his own troubles. It is especially hard for women, who're not allowed even to drive, to bear their frustrations patiently. One might as well cry for the moon as to think about sex equality in the context of Saudi, of course. The two roles are so utterly different. But whatever the husband does, I'd say the wife's role is usually the more difficult. So I always interview wives as well.

"When a candidate's married, then I'd shy away from recommending an appointment unless both of the couple are the sort of people who can organise their leisure. For example, if they're the kind who don't just join clubs, but get involved in running them.

"If they're not, then there's only one bet that is safe to make. They are not going to stay the course out there. And as I always tell everybody I interview: it doesn't matter how big your salary is, or whether you bank away half of it or three quarters, if you don't stay out there for two years at least you are going to come back a loser."

FINANCIAL DIRECTOR

c. £20,000

MANUFACTURING

The company is a Lancashire-based manufacturer selling nationally £30m p.a. of non-food product to the UK grocery trade. It has two plants—not far apart. One is capital intensive, the other people intensive. There are 800 employees. The business was started from scratch in 1970. The company is private. It has an overseas parent.

A broad gauge industrial executive is required—first, to take charge of a conventional finance and accounting function; second, to bring to bear throughout the business, with unrelenting initiative, the strong input of a trained, numerate perception.

The opportunity to become a key member of a close-knit management team is immediate. Less immediate, but perhaps within grasp, is the chance to become Deputy Managing Director, a new position which the company plans to fill. For that task, people skills, as well as demonstrated financial command, would be a must.

A first class, inquiring mind, a decent university degree (any discipline), and a major financial qualification are prerequisites. An MBA would be a plus. The broader the experience gained in the financial area the better, but 35 or so would not necessarily be too young. An ability to fit in with, as well as live in Lancashire is essential. So also is a zest for work and a gift for enthusing others.

A salary of £20,000 is offered. Moreover, no appointment will be made at less than 25 per cent above salary presently earned. The job is intended to appeal to candidates already well rewarded as outstanding performers, yet who seek freedom to move within a less formal, but more decision-prone, environment than their present employment permits.

Please apply (enclosing CV) setting out how the specification is met: c/o The Chairman's secretary

Mrs. M. George, 60a Cadogan Square, London SW1

Chief Accountant

Bedfordshire

c£15,000+car

Reporting to the Finance Director, responsibility is to manage a decentralised finance function and provide timely management information. Initial tasks are to review and strengthen accounting systems at divisional level, and improve the quality of financial reporting. Some travel to the operating units will be involved.

The company, engaged in manufacture, importation and related distribution of quality consumer products, is a leader in its field. Part of a substantial British group, the company's turnover now exceeds £24m and is growing steadily.

Candidates must be qualified accountants, probably aged in their thirties, with experience of financial management gained in a sizeable industrial group environment. A determined personality and developed inter-personal skills are essential.

Applications, which will be treated in strict confidence, should contain relevant details of career and salary progression, age, education and qualifications.

Please write to Geoffrey Thiel, quoting reference 899/FT. on both envelope and letter.

Deloitte Haskins+Sells
Management Consultants
128 Queen Victoria Street, London EC4P 4JX

Management Accountant

£12,500 + CAR

This is a key post at the Surrey head office of Weyroc Limited, a Swedish Match Company. The group and Weyroc are leaders with a range of timber based products that dominate the European market. The company is to relocate to Norfolk shortly.

- RESPONSIBILITY is to the Head of Finance for providing a control function relating to budget preparation, analysis and monitoring of operating performance and costs, preparation of monthly accounts and the improvement of systems.
- THE REQUIREMENT is for a qualified Cost and Management Accountant with particular experience in a similar role in a process industry and familiarity with computerised accounting. Career prospects within this expanding group are good.
- PREFERRED AGE late 20s.

Write in complete confidence
to C.A. Riley as adviser to the company.

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Confederation of British Industry

DIRECTOR-GENERAL

The CBI is seeking a successor to the late Sir John Methven.

The Director-General is the Chief Executive of a major representational organisation, the primary task of which is to promote the interests of British business.

A candidate for this post must have a record of considerable achievement in business and must be committed to the objectives of the CBI. A candidate should also have the ability to communicate effectively at all levels.

Those who wish to be considered, or who wish to nominate a candidate, are asked to write or to telephone the management consultants who are advising on the appointment:–

The Managing Director
Spencer Stuart Management Consultants
Brook House, 113 Park Lane,
LONDON W1Y 4HJ
Tel: 01-491 3866

All such letters or calls will be treated in complete confidence.
This appointment is open to both men and women.

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A medium sized Lloyds Broker wishes to appoint a US Non-Marine Broker to their senior management team in London.

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Terms are for discussion around a base salary of £20,000 per annum. The total remuneration package and joining terms are unlikely to be limiting factors. A car is provided.

Please telephone, or write, in absolute confidence, to Timothy Gartside or R.N. Orr for an application form quoting client reference 2301.

Roland Orr
Management Consultants
35 Piccadilly, London W1V 9PB Telephone 01-734 7282

FINANCIAL ACCOUNTANT

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London **c £12,000**

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A financial accountant is to be appointed who, reporting to a director from the outset, will manage the treasury and investment accounting functions and co-ordinate the preparation of statutory accounts. Success in this appointment will lead to further responsibility in the financial and secretarial areas.

Applications are sought from qualified accountants aged around 30 with sound experience of accounting and staff management in financial or service organisations using computerised accounting systems. A basic salary of around £12,000 will be enhanced by attractive benefits and good career prospects.

Please send brief personal and career details, in confidence and quoting reference FT/108/M to Douglas G Mizon at the address below.

E&W Ernst & Whinney Management Consultants
57 Chiswell Street, London EC1Y 4SY.

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required to join the Management Team of a national contractor

Applicants should have a good record of achievement in the construction industry, preferably with experience of market research, planning and public relations.

The prime objective will be to generate work to meet the Company's planned expansion programme and the successful applicant must have high personal standards backed by a commercial approach and the ability to negotiate at all levels. The appointment is based in London and is designed to cover the southern region of the country. Suitable applicants, male or female, should be aged between 35 and 50.

The salary and conditions of service will be commensurate with the experience and qualifications of the candidate.

Apply in confidence with detailed c.v. to:
Box A7211, Financial Times, 10 Cannon Street, EC4P 4BY.

Credit Analyst

Energy & Minerals Group

Chemical Bank of New York, one of the largest banking groups in the world, is continuing to expand its substantial involvement in the extractive industries.

For our London office we are looking for a graduate with at least 2 years' credit appraisal experience, possibly gained after the completion of a formal credit training programme. An understanding of loan documentation and project financing together with experience in one of the extractive industries is desirable but not a necessity.

The position primarily involves reviewing existing commitments, assisting in the preparation and analysis of loan documentation, and the appraisal of new project financing.

The successful candidate will also work closely with account officers and have frequent client contact. Career prospects are excellent.

Conditions of service are consistent with those expected of a major international bank and salary will be commensurate with ability and experience.

Candidates should write in the first instance to: Phillip Horsley, Personnel Officer, Chemical Bank, 180 Strand, London WC2R 1ET.

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Suitably qualified candidates please phone 01-631 1444 for application form quoting MRD 0013 (24 hour answering service).

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£9,025—£11,355 p.a.

The Electricity Council wish to appoint an analyst in their Investment Branch which has responsibility for the investment of the funds of the Electricity Supply Industry's Superannuation Schemes. *The current value of these funds* is about £1,400 million.

Investment analysts are responsible for keeping under close review the various sectors within a substantial portfolio of ordinary stocks and shares: assessing detailed *studies of industries and companies, vetting company* accounts and monitoring stock market price performance. The analysts are required to make specific investment recommendations whilst also assisting in the general administration of the investments, and preparing *occasional reports on a wide range of related investment* matters.

The man or woman we are now seeking to join the investment team will have a sound knowledge of economics and investment principles and will already have practical *experience of share analysis within the Investment* Industry.

Please write in confidence giving details of age, career to date and *present salary quoting F/39 to:–*

Duncan Ross, Recruitment & Development Officer, The Electricity Council, 30 Millbank, London SW1P 4RD.

ELECTRICITY COUNCIL

FINANCIAL DIRECTOR

DESIGNATE

for an international private manufacturing company based in the south of England with overseas subsidiaries.

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A qualified Chartered Accountant is required. Salary £17,500 per annum or higher for an outstanding candidate.

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Please write or telephone in confidence to Michael Jenkins.

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Young Accountant

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Our client is a major multinational having extensive interests in publishing, communications and information as well as leisure and natural resources. They are listed as a public company and have considerable interests throughout both the U.K. and North America. Group turnover is well over £500 million. Their principal U.K. office is in London.

They seek a newly qualified accountant, mid-twenties, of above average ability and potential to join their small London office team. The work involves the *consolidation and drafting of quarterly and annual financial statements* as well as the preparation of monthly management accounts. The group operates in a multi-currency situation. The job will involve liaison with senior management as well as with auditors and other professional advisors.

Normally this job may be expected to lead to promotion to line management within 2/3 years.

In addition to the generous salary there are 5 weeks holiday and other benefits.

Please write with full details to Colin Barry at Overton Shirley & Barry (Management Consultants), *2nd Floor, Morley House*, 26, Holborn Viaduct, London, EC1A 2BP. Tel: 01-353 1884.

Overton Shirley and Barry

FINANCIAL DIRECTOR

c.£15,000 and extras...

We have been asked to fill a position in a decentralised £30m. *turnover company within a quoted* U.K. group. The Financial Director will work closely with the Managing Director in evolving corporate strategy and promoting this within the group. The operational objectives will be:– to review and strengthen the structure thereby improving the total information system, to develop awareness and cooperation with line management, to *relate effectively with the corporate* financial team and to reappraise and develop the existing high level of expertise in the accounts department. The company's short term aims are to consolidate its high ranking position in what is recognised as a growth industry. The Financial Director who joins now is well placed in the overall group promotion structure.

Please contact me if you are a Chartered Accountant, aged about 33 with a business school background and professional training with a respected firm. In particular I am looking for a wide ranging experience which has included computers and which has produced a well-rounded, confident personality which would match the high demands this new job will undoubtedly create. The appointment is based in Essex. Benefits *are negotiable and include a car and relocation assistance.*

Candidates, male or female, should send a detailed career history to Giles Foy who is advising on this position, quoting reference 704/FT.

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40 Berkeley Square London W1X 6AD 01-629 9496

EMA

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Our client is a subsidiary of one of the world's leading construction companies, and the London office, the accounting centre for multi-national business worth £150 million annually. Applicants *(male or female) should be qualified accountants aged 25-28 from the* profession or industry, flexible and with some knowledge of Italian. Please telephone or write to Stephen Blaney B.Comm., FCA., quoting *reference I/2001.*

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A dynamic general manager is required with a proven record in selling and marketing, and preferably having experience in the import/export business.

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This experience will *have* been with banks of significant size and reputation, actively *involved* in the appropriate markets. Graduate and/or AIB qualifications are important, while formal credit training could be an advantage.

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Please write, giving full details of achievements, qualifications and salary progression, to Bob Leeming, Manager, UK Manpower, Standard Chartered Bank Limited, 10 Clements Lane, Lombard Street, London, EC4N 7AB.

Standard Chartered BANK LIMITED

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Remuneration: up to £10,000 and other benefits. Relocation expenses will also be paid.

Please write in confidence to CT Garcia (Ref 808F)

Thomson McLintock Associates 70 Finsbury Pavement London EC2A 1SX TML

Group Managing Director

Scotland

The Scottish Development Agency is forming a holding company to manage its interests in electronics, textiles, engineering and other industries. A Managing Director is being appointed to run this group, whose main responsibilities will include the assessment of new *and often innovative investments, the formulation of investment packages* along with private capital and the relationships with the subsidiary and associate companies. Candidates will now almost certainly hold a senior financial or general management position at group level and should be familiar with *the management of substantial minority* investments. Salary and other benefits commensurate with the seniority of the appointment will be negotiated. Please write initially with brief career details to A.P. Rait, as adviser to the company, at Selection Thomson Ltd., 15 North Claremont Street, Glasgow G3 7NR or 38 Park Street, London W1Y 3PF.

Selection Thomson

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We should like to hear from experienced young Foreign Exchange dealers (aged 24/32) who would be interested in a responsible appointment with a new, rapidly expanding international commercial banking operation in the City. As deputy to the principal dealer, the person appointed will need all-round Foreign Exchange dealing experience including exchanges, deposits and arbitrage. This position offers attractive career development prospects and a range of fringe benefits *including* a mortgage subsidy.

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Résumés including a daytime telephone number to E H Simpson, Executive Selection Division, Ref. SF20/57.

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International opening for Young Management Accountant

J I Case is a multi-national organisation engaged in the manufacture and marketing of heavy construction, earth moving and agricultural equipment. Four months ago we moved our European headquarters from the Netherlands to Weybridge in Surrey, and it is to join us here that we are looking for a young Management Accountant. He or she will preferably be a fully qualified accountant in their late 20's with some two years' post qualification experience gained in a commercial environment, and, ideally, in a multi-national organisation.

As a member of our Finance Department, reporting direct to the Manager of Operations Accounting, you would be responsible for ensuring that control procedures and policies are being fully adhered to throughout the J I Case European organisation. This would entail keeping a watching brief on our European subsidiaries, carrying out a detailed analysis and review of company reports and budgets and passing your findings on to HQ management. You would also be expected to spot potential problem areas and plan, perhaps six months in advance, a suitable course of action. Close liaison with our Internal Controls Managers as well as internal auditors will be essential.

This is an important position within our organisation offering broad experience in management accounting on an international level and will involve some European travel.

An excellent salary will be offered along with a generous range of benefits which will include relocation expenses where appropriate. Prospects for the future of this growing organisation are exciting and so too are the career opportunities for the people who join us.

Please write with full personal and career details to Mrs M. C. Husby, Manager Employee Relations, J. I. Case (Europe) Inc. Case House, 45/47 Monument Hill, Weybridge, Surrey, KT13 8RL.

case

JAMES CAPEL & CO.

Investment Analyst

Our London-based Far Eastern Department covering Hong Kong, Singapore, Malaysia and the Philippines, has a vacancy for an analyst. *Knowledge of Far Eastern markets is not essential but the applicant should be experienced and attracted by the challenges and opportunities of this growth area.*

Salary and other benefits will be very attractive to the right candidate.

Please apply in strict confidence to:

D. Schulten
James Capel & Co
Winchester House
100 Old Broad Street
London EC2N 1BQ

Financial Controller

London/Essex borders to £18,000 + car

This new appointment provides a quite exceptional opportunity for a young Chartered Accountant aged around 30 who has a record of high achievement and is ready to assume overall responsibility for managing a comprehensive finance function with some 60 staff. The Company has a £250 million turnover and operates in a business sector where narrow margins and intense competition demand the highest management skills and where the provision of accurate, timely data and analysis is accepted as an essential ingredient for success. Applicants (male/female) must have evidence of progression in a substantial and fast-moving business although not necessarily to Controller level since the Company is prepared to recruit potential rather than buy experience. Ref. 1164/FT.. Apply to R. P. CARPENTER, FCA, FCMA, ACIS, 3 De Walden Court, 85 New Cavendish Street, London W1M 7RA. Tel. 01-636 0761.

Phillips & Carpenter
Selection Consultants

Management Accountant

c.£9,000 p.a.

Mitchell Cotts & Co. (U.K.) Ltd. is one of the subsidiary holding companies of the Mitchell Cotts Group in the United Kingdom. It controls several trading activities and requires a Management Accountant who will report to the Finance Director.

Apart from being responsible for producing Management Accounts derived from financial reports supplied by subsidiary companies, the Management Accountant will be expected to assist the Finance Director in a wide range of activities including the preperation of statutory accounts. He/she will also supervise the accounts staff of several of the trading units.

Candidates, ideally aged between 25 and 32, should have a recognised accountancy qualification. *The job requires a well educated and lively person who* can relate naturally to both line and financial management in a number of activities including freight, chemicals manufacture, vehicle sales and commodity trading.

Conditions for this City based appointment include a non-contributory pension and life assurance, free lunch and four weeks holiday per annum.

Applicants should write or telephone for an Application Form to the Group Personnel Adviser, Mitchell Cotts Group Ltd, Cotts House, Camomile Street, London EC3A 7BJ. Telephone: 01-283 1234.

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Stock Market Opportunities

PRIVATE CLIENT PORTFOLIO MANAGEMENT

Our Private Client Department is expanding; to date we have over 8,000 portfolios under supervision, with a high volume of funds under discretionary management.

We are developing further our range of services in this area and require an ambitious and energetic assistant to work closely with a partner and senior manager.

Candidates should be in the middle 20's, with sufficient experience of private client business to enable them to accept an increasing measure of responsibility.

DEALERS AND BLUE BUTTONS

We are looking for young Dealers and Blue Buttons to join our equity dealing team. About a year's experience in either capacity would suit – the ability to work hard and maintain good humour under stress is essential.

Quality of performance will be well rewarded and enthusiasm will be welcomed. Terms and working conditions are attractive.

Applications for either of these positions will naturally be treated in confidence and should be sent to:—

M.J. Rogerson Esq., Sheppards and Chase, Clements House, Gresham Street, London EC2V 7AU.

Financial Controller

c£11,000 pa London W.1.

With an impressive record of growth and increased turnover our clients are fast establishing themselves as one of today's most dynamic young companies. They provide an extensive range of superior computer services to industry which include consultancy, systems development, operational services and software products. Such diversity relies upon the support of a highly professional accountancy function.

Ideally aged 25-35 the person who joins them as Financial Controller will have the ability to become part of their friendly team and the skill to accept the responsibilities the position involves. Reporting to the Managing Director you will have overall responsibility for the accountancy function. This will involve preparing monthly management accounts, budgets, and financial accounts for audit. Primarily, however, you will monitor the Company's financial situation, with a view to planning its future growth. It's an ideal opportunity for career development, and one which provides unrivalled scope.

In keeping with its progressive image, the Company offers first class prospects and rewards. These include a competitive starting salary of c£11,000 pa which will be substantially increased with a bonus and profit sharing scheme. With a generous range of benefits, this remuneration package is to say the least, highly attractive.

Please contact Kevin Clyde-Smith on 01-235 7030 ext. [illegible]

4/5 Grosvenor Place,
London SW1X 7SB.
(Answering service out of hours 01-235 6938)

Applications are welcome from both men and women

PER
Professional & Executive Recruitment

LENDING OFFICERS

Our client, a major European bank, is about to establish a London branch and seeks two experienced Lending Officers, one of whom should have specialised export credit finance experience. This is a rare opportunity to join a London banking operation at the very outset and should appeal to those of above average achievement and ambition. Salary and benefits are negotiable.

Replies with full career information, which will be treated in the strictest confidence, should be addressed to John Trafford, The Corporate Consulting Group, 24 Buckingham Gate, London SW1.

CCG
Corporate Consulting Group

Managing Director

Men's Clothing
London Circa £25,000

Our client is internationally renowned in the apparel industry with substantial turnover, both in the UK and overseas and with further vigorous expansion planned.

An outstanding Managing Director is required to assume direct responsibility for the profitable expansion of the company.

Candidates, aged 35-48, will have a successful record in general management, with full profit responsibility, in the men's or women's clothing industry or an allied sector. Broad management experience, including marketing and production planning, is expected.

Please write with career details, in complete confidence, to Michael Waggett quoting ref. 1141 at Odgers and Co. Ltd., 1 Old Bond Street, London W1X 3TD.

Odgers

MANAGEMENT CONSULTANTS
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The Rewards. This is a key executive position. A very high level of compensation is offered. You will be located in Nice, reporting directly to the worldwide manager at corporate marketing headquarters in Dallas, Texas.

The Experience. To have this exceptional position, you'll need some exceptional credentials. You'll be surrounded by highly qualified people, so you must be highly qualified. From 8 to 10 years of successful marketing communication experience is required, ideally in multinational electronic companies managing complex programs, and budgets. Because you must work effectively with many people, you should be of a European nationality speaking perfect English.

To apply, send resume in confidence to: R. Y. Henslee/Texas Instruments Corporate Personnel/ P.O. Box 225012, M.S. 87/Dallas, Texas 75265, U.S.A.

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Our client, a division of an international group, markets a range of business equipment in the expanding Mediterranean, Eastern European and North African areas.

They require a young part qualified accountant for the Finance and control function to provide an accounting and short/long range planning service to the various divisions, using computerised systems.

Ideally, you should be a graduate, aged mid 20's with 3/4 years relevant experience in an international environment. You will receive excellent experience and can expect to benefit from this successful group's policy of rapid internal promotion. Please telephone or write quoting reference RG 3134.

Lloyd Chapman Associates
123 New Bond Street, London W1Y 0HR 01-499 7761

WEDD DURLACHER MORDAUNT & CO.

SYSTEMS ANALYSTS

A leading Stockjobber has vacancies for Systems Analysts with at least three years' experience of Stock Exchange or financial applications.

Successful applicants will work as part of a team designing future on-line systems and adapting today's complex batch systems to meet the changing requirements of the company. All systems will be based on newly-installed twin ICL 2950/10 computers.

Salary negotiable, probably in the range £6,000-£8,000 plus a bonus linked to the firm's profits. Pleasant working conditions, four weeks holiday, luncheon facility, season ticket loan, contributory pension scheme, health insurance.

Application forms from:

Miss C. E. Gale
WEDD DURLACHER MORDAUNT & CO.
Austral House, Basinghall Avenue, London EC2V 5EX

هكذا من الأصل

Group Financial Controller

Salary negotiable around £17,000 + Bonus + Car

Sentry Insurance Group (U.K.) Limited *is a member of the international* Sentry Insurance organisation whose assets exceed £750 million.

We are looking for a Chartered Accountant, probably in his/her mid-thirties, *with a proven track record* including experience in the financial sector, preferably in the insurance industry. A strong knowledge *of taxation* and management accounting techniques, using mechanical systems is essential.

*The duties involve the develop*ment and better utilisation of existing financial resources, the development of management reporting *information*, the consolidation of accounts from operating companies within the Group, and a significant role in shaping the *Group's* longer term strategy.

The person appointed will have a staff of six and a functional responsibility for the accounts functions in the operating companies, including some of the Group's overseas interests.

The Group will be relocating most of its operations, including the accounts functions to Milton Keynes in the near *future*, and the person appointed will be required to relocate if necessary, for which a generous allowance will be *paid*.

The remuneration package includes a generous salary, participation in *a management bonus scheme, a company car*, and other benefits.

Please write *giving details* of career to date to:—

John Brazier, Group Personnel Manager,
Sentry Insurance Management Ltd.,
56 Leadenhall Street, London EC3A 2BJ.

SENTRY

UNIVERSITY OF PAPUA NEW GUINEA

Applications are invited for the post of LECTURER/SENIOR LECTURER IN COMMERCE in the Department of Economics. Candidates should *possess a degree with a major in* Accounting and Accounting-Theory. *fessional Association (e.g. A.S.A.* or I.C.A.) and have teaching and *professional* experience. Preference will be given to those who have specialised in Financial Accounting and Accounting-Theory. Some knowledge of Auditing and Government Accounting would be an advantage. The Department prepares students for Diplomas and Degrees in Accounting and ultimate *membership of the Accounting Pro*fession. Salaries: Senior Lecturer K16510 p.a. plus gratuity. Lecturer II K14660 p.a. plus gratuity. Lecturer I K12810 p.a. plus gratuity. (£1 sterling = K1.55.) 3-year contract; support for approved research; rent-free accommodation; family passages, baggage allowance; *annual overseas leave; education* subsidies, salary continuation *scheme* for extended illness or disability. Secondment from home institutions welcomed. Detailed applications (2 copies) including a curriculum vitae, a recent small photograph, and naming 3 referees, should be sent by 11 July 1980 to: Assistant Secretary, Box 4820, University PO, Papua, New Guinea. *Applicants resident in UK should* also send 1 copy to Inter-*University Council, 90-91 Tottenham* Court Road, London W1P 0DT. Further details are obtainable from either address.

Manufacturing Manager

North East England — **c. £14,000 plus car**

This is a major career opportunity in a Company with an international reputation as a manufacturer of high-quality products marketed throughout the world. The job, which has total manufacturing responsibility on-site, demands a top calibre manager. Prime responsibilities are for maximising production, operating to exacting cost and quality constraints together with the further development of the manufacturing facility. Candidates, male or female, ideally aged 30 to 40, must be graduates in chemistry, chemical engineering, pharmacy or related disciplines and desirably have a qualification in accountancy or business studies. They must have substantial successful production management experience at a senior level in the pharmaceutical, chemical, cosmetics or related industries, and experience in controlling male and female labour. Exposure to computer-based systems and the conduct of industrial relations negotiations would be advantageous. Salary is negotiable, around £14,000, plus car and other benefits associated with a major company.

(PA Personnel Services Ref. W45/7376/FT)

Initial interviews are conducted by PA Consultants. No details are divulged to clients without prior permission. Please send brief career details or write for an application form, quoting the reference number on both your letter and envelope, and advise us if you have recently made any other applications to PA Personnel Services.

PA Personnel Services

Hobart House, 80 Hanover Street, Edinburgh EH2 1EL. Telephone: 031-225 4481. Telex 72556

PA

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Entrepreneur

Financial Director/ Deputy Managing Director

Cork

c.£17,000 + car

- Are you a qualified accountant and do you want a small but significant equity stake in a potential growth situation?
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- Can you look after all financial controls, administration, materials management and commercial international contracts?
- Probably with a large company background, have you the flexibility to institute sophisticated controls into a small company which is going to build up?
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This offers a unique opportunity to play the major administrative role and take a share in a company making remotely controlled machines for hostile environments — such as the seabed, pipelines and tanker bottoms.

Please telephone or write to Anthony Falcon quoting ref. 274A.

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Operational Research

London — **up to £13,000**

As a result of promotions, Shell International Petroleum Company is looking for high calibre Operational Research Analysts with business management potential for their London-based O.R. division, to aid decision-makers in the various business sectors within the Shell Group Central Offices and Operating Companies. O.R. staff are engaged in a wide range of projects including, for instance, coal and natural gas transportation, North Sea logistics, corporate planning and project evaluation.

We are looking for men or women probably in their late twenties/early thirties with a good degree in a numerate discipline (a relevant post-graduate qualification could be an advantage) and at least five years' experience in conducting O.R. studies. Members of the O.R. division have direct responsibility for their projects and are actively engaged in promoting the use of their skills and expertise in the whole area of business planning and control. You will be expected to have entrepreneurial abilities and to initiate new and practical approaches to business problems.

Working conditions and other benefits are excellent as are the prospects of moving into business management. The salary offered will be in the range of £9,000–£13,000 per annum or higher in exceptional cases, and related to ability, experience and particularly potential of the individual for a career in the Group beyond the immediate appointment. Where appropriate, assistance will be given with relocation expenses. Please send an extensive curriculum vitae to:

Shell International Petroleum Company Limited, Recruitment Division (FT), PNEL/23 Shell Centre, London SE1 7NA or Telephone 01-934 4115 for an application form.

Shell

FOREIGN EXCHANGE ANALYST

East Midlands

Our client is a major engineering company who offers this excellent career opportunity in their Treasury Department.

Reporting to the Foreign Exchange Manager, the successful applicant will be responsible for the analysis of the company's multi currency foreign exchange exposure and contact with banks to arrange foreign currency deals. The work involves the use of computer facilities to record details of transactions and to provide information as the basis for regular reports.

Candidates will probably be in their twenties, possess a degree, ideally Economics, or have had relevant experience within a bank or company. The ability to analyse information, write concise reports and present a well reasoned verbal summary are vitally important.

An attractive salary is offered, plus good pension/life assurance scheme and excellent social, restaurant and sport facilities. Assistance with relocation expenses will be available in appropriate circumstances.

Please send full career details and list separately companies to which we should not forward your reply. Write reference M336 on the envelope. This vacancy is open to male and female applicants.

Charles Barker

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Operational Audit

Up to $30,000

Our client is a major international group with interests in industrial gases, *engineering and chemicals. They have an outstanding record* of growth and profitability and the continuing expansion of their *business creates ideal opportunities for the personal development of* individuals. They are seeking a young professional to work on a *training assignment in the firm's Headquarters in the United States for* one year and then to return to the small and effective European Audit *Department as an Assistant Manager. It is not the firm's policy to* employ career Internal Auditors and the position would be seen as a *stepping-stone to a line position.*

The Audit Department is engaged in evaluating performance *against Management's criteria for running their business with* particular emphasis on internal control and operating efficiency: the *techniques it uses, and the degree of sophistication places it in the* forefront of modern internal audit thinking. The individual chosen will *gain an in-depth knowledge of the parent Company's management* and operating practises.

The *successful candidate will be a graduate CA/ACA who has* served articles in one of the 'top ten' auditing practises. He/she must *have supervisory experience, preferably at Manager level, and proven* ability to advance.

'Applicants, male or female, should apply initially to the address below giving brief details of their career to date. Applications should be marked "Confidential" and include a covering note indicating any organisation to which they should not be forwarded.'

Please quote reference number and address applications to:
P.A. Brooker, Ref: OA/4314

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Worldwide Risk Management

An exceptional opportunity in Paris for young professional

- The job is with a worldwide, very profitable, high technology service business; record of continuous, exceptional growth.
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- Excellent international career development potential; salary negotiable.
- We are looking for responsible risk management experience in transportation, oil or service industries; graduate level ability; spoken French an advantage; likely age 28-33; good people and communication skills.
- Call Michael Eggers (London 839 4953) or Jean-Claude Boubée (Paris 265 26.13) to talk confidentially about this job, its rewards, challenge and opportunities.

JSP Selection Consultants

10 Haymarket, London SW1Y 4BP.

Commercial Banking in the U.K.

CREDIT DEPARTMENT MANAGER

A *major* foreign commercial bank with a long-established UK operation is seeking a *Manager for* its Credit Department to be responsible for managing the bank's UK *lending portfolio*. The bulk of the business conducted with UK corporate clients is in *the lending* range of £25,000 to £500,000 through working capital overdrafts, loans, acceptance credits, bill discounting and international trade finance.

The position calls for a mature departmental head with good experience in the *area of lending to* commerce and industry, sound in the analysis of balance sheets and management information with sophisticated presentation to a Credit Committee capable of monitoring an active portfolio and presiding over a small staff.

An attractive salary is offered and fringe benefits include company pension scheme, free life cover, PPP and a house mortgage subsidy.

All applications will be treated in strictest confidence and should be addressed to:

Box A 7207, Financial Times
10 Cannon Street, EC4P 4BY

Money Broking

M.W. Marshall (Sterling) Limited wish to recruit an experienced CD dealer and an experienced commercial dealer for their London Office.

A vacancy also exists in their Glasgow office for an experienced local authority or commercial broker.

Apply in confidence by letter or telephone to: Staff Director, M.W. Marshall (Sterling) Limited, 52 Cannon Street, London, EC4N 6LU. Telephone: 01-236 0233.

Marshalls

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Group Taxation Manager

Salary £17,000 — **Central London**

Tate & Lyle, which has substantial operations in the UK and overseas, is *seeking to fill the position of Group* Taxation Manager made vacant by internal promotion.

The successful candidate will head a small Tax Department and be responsible for the Group's worldwide tax planning, advising on the tax implications of commercial decisions and supervising the submission of tax returns for UK companies.

Candidates, preferably late 30's/early 40's, should be qualified accountants with international experience gained in industry or commerce. An ability to *anticipate tax problems* and communicate effectively at all levels is essential.

Remuneration package and benefits are those normal for a leading *international company* and include a company car.

If interested, men or women are requested to telephone
Mrs. J. Matthias at Tate & Lyle *Limited*, Sugar Quay, Lower Thames Street, London EC3R 6DQ.
Tel: 01-626 6525 Ext: 2237.

Tate & Lyle

FINANCE DIRECTOR (DESIGNATE)

Orpington — **£12,500 + car**

Our client, a progressive £3m turnover Precision Engineering Subsidiary of a major public group, wishes to recruit a replacement for the Finance Director retiring later this *year*. *The position* calls for a person of broad manufacturing experience, a good communicator, with the ability to play a part in the direction and growth of the company.

Applications are invited from qualified Accountants, aged 30-45, with personality and drive who require full involvement in their work and who have good experience in computerised accounting systems. In addition to salary and car the position provides free lunches, pension scheme and BUPA.

Applications to R. J. Welsh, Esq.,

Reginald Welsh & Partners Limited.

Accountancy & Executive Recruitment Consultants
123/4 Newgate Street, London EC1A 7AA Tel: 01-600 8387

CONFERENCE/SEMINAR PRODUCER

We would be very interested to hear from Conference/Seminar producers organising sponsored and/or self-promoted events in any professional or commercial subject.

We are a company producing a whole range of seminars, conferences, exhibitions and publications. We are interested in the best people earning or wishing to earn the highest remuneration either on a full-time, part-time or consultancy basis. Please write in the strictest of confidence to:

John Buttolph, 40/41 St. Andrew's Hill, London EC4V 5DE
Tel: 01-248 4815

Financial Controller

Refinery Complex — Saudi Arabia

A Financial Controller is required for a large refinery complex, now being built in the Middle East to come on stream in mid-1982. This is a newly created permanent position, which will have full responsibility for all financial matters relating to the complex once it becomes operational.

Candidates should be Chartered Accountants with substantial experience in the oil, petro-chemical or other process industries. The position requires considerable *managerial and diplomatic skills, combined with a professional approach to modern* accounting practice. The candidate appointed will also advise on relevant aspects of the construction phase. *Previous involvement in a major international project would be an* advantage. Age range: 35-50.

The salary offered will reflect the importance of the position and, being free of all local income tax, will allow the opportunity for substantial capital accumulation. Comfortable modern accommodation will be provided for the candidate and family. Promotion prospects are good and the appointment will be renewable and initially for three years, with annual home leave and first class air passages paid.

Candidates should write in confidence to Charles Rich or telephone (24 hour answering service) for a personal history form quoting reference R/253/7.

The P-E Consulting Group Appointments Division
1 Albemarle Street, London W1X 3HF Tel: 01-499 1948

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Computerisation and substantial overseas operations lead our client, a household name in the merchant banking field, to reorganise and strengthen its control evaluation procedures.

A manager (c. £15,000) C.A., or C.C.A., probably aged 30-40, with experience at manager level in an international professional firm or at the head of a large commercial or industrial internal audit department, is required. Reporting to the administration director and the audit committee, he or she will *ensure the satisfactory review of accounting and control systems and procedures* both in the U.K. and overseas. (Ref. 3204/1/L).

Two operations auditors (c. £10,000) are also sought to bring the department up to full strength and carry out reviews and make recommendations for improvement. Probably in their late 20's, one at least should be C.A. or C.C.A. with experience at senior auditor level in an international firm and the other could have a D.P. *background with sound experience in programming and systems analysis work* relating to financial applications. (Ref. 3204/2/L).

For all three positions there are attractive fringe benefits and good prospects.

For an application form telephone 01-248 6115, or write to M. J. H. Coney, *Executive Selection Division, quoting the appropriate reference.*

Peat, Marwick, Mitchell & Co.

165 QUEEN VICTORIA STREET, BLACKFRIARS, LONDON, EC4V 3PD.

Career opportunities in international merchant banking

Bank of America International Limited is expanding its Corporate Finance Department and is seeking merchant banking executives with broad experience in mergers and acquisitions and related corporate finance areas to cover the United Kingdom, Scandinavia, Latin America and the Middle East. A proven track record and technical skills are essential. Although London based these senior positions will involve international travel, consequently proficiency in at least one foreign language would be an advantage.

Remuneration is negotiable and will fully reflect the importance and the scope of these key positions.

Applicants should write in confidence to Eduard Will, Director, Corporate Finance.

BANK OF AMERICA International Limited

St Helen's, One Undershaft, London EC3A 8HN.

PARIS MERCHANT BANK requires for its Head Office

BONDS PORTFOLIO MANAGER

The candidate, aged 30/35, should have upper level general financial qualifications and, ideally, experience as an actuary. He will have already gained a minimum of five years' experience in the management of international bonds and in the foreign bondholder markets. Please apply to Box A.7209, Financial Times, 10 Cannon Street, EC4P 4BY.

FINANCIAL CONTROLLER

Belfast

c. £13,000 plus car

A progressive group of companies engaged in the Motor and allied trades seek a Financial Controller. He/She will be located at the Headquarters in Belfast.

Candidates should have sound industrial experience and be completely familiar with budgeting and financial controls. Minimum qualification requirements are either A.C.A. or A.C.M.A. and the age group is 30/45.

Financial Controller reports directly to the Managing Director and is responsible for establishing satisfactory controls for the production of all essential financial information necessary for the control of the Group.

The fringe benefit package includes assistance with relocation expenses.

Full career details in writing to:

James Baird and Co. (Ref. MDS/42/JR)
Chartered Accountants,
55/57 Donegall Place,
Belfast BT1 5LJ.

INTERNAL AUDIT MANAGER

Abu Dhabi — £12-15,000 tax free + benefits

Our client is a substantial privately owned group of companies with wide ranging interests including general trading, hotels, travel agencies and transport.

The diversity and expansion of its activities now demands the development of an internal audit team. The person appointed will be wholly responsible for the establishment of the audit function covering accounting, financial and operational systems and controls. He will report to the general manager and will play an important role in group development.

Applicants should be qualified accountants aged over 32 with several years experience of the management and control of diverse accounting systems either as line managers or as auditors. A strong personality is essential.

A renewable two year contract is offered incorporating accommodation, transport and other benefits normally associated with such appointments.

Please send brief personal and career details, in confidence and quoting reference FT/109/M to Douglas G Mizon at the address below.

E&W **Ernst & Whinney** Management Consultants
57 Chiswell Street, London EC1Y 4SY.

Controller, Production Finance

North Sea Oil

Our client is one of the leading oil companies operating in the North Sea and its growth has been rapid and successful. Further significant growth is planned which will result in continued expansion in the operations centre in Aberdeen *where the offshore production, drilling* and construction activities are managed. The growth of the Aberdeen based finance group has created opportunities for senior accountants to develop a significant career with one of the forerunners in the British oil industry.

Currently our client seeks a Controller, Production Finance, to head up a growing section within the finance group. He or she will be responsible for all financial services in respect of production on existing fields and those to come on stream.

Candidates will be qualified accountants, probably within the age range of *35-45* and will have *a solid record of experience* at a senior level in capital budgeting, management accounting and financial control in a manufacturing or oil-related industry. It is essential that they have a robust personality, good communication skills and the ability to lead a team effectively within the challenging environment of the oil industry.

The location is Aberdeen and the salary will be circa £15,000 plus car, pension and life assurance plans. Comprehensive relocation expenses will also be paid to the Aberdeen area if appropriate.

Please write quoting reference 1120 or call David Dale who is *advising on this appointment.* All approaches will be treated in the strictest confidence.

Odgers MANAGEMENT CONSULTANTS
Odgers and Co Ltd, One Old Bond St, London W1X 3TD 01-499 8811

Financial Analyst

Switzerland

International holding company requires a young qualified accountant to assist the controller. Will analyse report study procedures and systems and help to develop new concepts etc. Main language is English, but knowledge of French and German an advantage. Five-figure salary plus excellent benefits and conditions. Age around 30.

Applications with CV should be sent to:

PA Management Consultants AG,
Kreuzstrasse 26, 8008 Zurich, Switzerland. Tel: Zurich 252 69 36.

PA

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Financial Accountant

Develop your career in an international corporate role

to £13,000

ICL is a profitable, fast growing *international company in a highly* competitive dynamic industry. Our commitment to growth is such that we can offer exceptional career prospects to an ambitious, *hardworking and practical* Accountant in an international corporate environment.

Following recent promotions we are seeking a high calibre Financial *Accountant with the ability to take* on the role of Assistant Manager, Group Accounting at our headquarters in Putney. Overall responsibilities will cover the *preparation of ICL Group statutory* reports in accordance with the best accounting practices and include consolidation of UK and overseas statutory returns. The design, *development and implementation of* world-wide accounting procedures and the provision of functional guidance to UK and overseas reporting units are important features of the job.

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Please write with full career details to J Llewellyn-Davies, ICL, 85-91 Upper Richmond Road, London SW15 2TE, or telephone him on 01-788 7272 extn 4233. Please quote Ref. FT 2010.

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THE MARKETING SCENE

BY MICHAEL THOMPSON-NOEL

ADVERTISING: TALK OF A SLUMP MAY BE EXAGGERATED, BUT . . .

There will now be an interlude

AS THE RECESSION takes a grip, the advertising business is bound to take knocks. It will have to knuckle under with the rest of us, although to date, there is not a single scrap of worthwhile evidence to support the view that the recession in advertising — a "disastrous slump," the Sunday Times blithely labelled it last week—will be anything like as severe as the traumas of 1975-76, when advertising budgets were genuinely savaged and the casualty rate among Gucci-fied copywriters so marked that productivity levels in agencies went soaring.

First, some background. Figures published today by the Advertising Association show that last year total UK advertising expenditure reached £2.13bn, a reasonable improvement in cash terms on 1978, when the spend was £1.83bn, though a gain, in real terms, of less than 1 per cent.

Naturally, expenditure in 1979 was depressed by the ITV strike last autumn. Of the *estimated £105m lost to the TV* companies during the strike period itself, approximately two-thirds was either siphoned off by rival media or spent on television and other media in the final quarter of the year. The absence of Times Newspapers for most of last year, plus the labour and production troubles throughout the rest of the media which continue to infuriate advertisers, also depressed both display and classified revenues in 1979, although to just what extent no one can say.

According to the AA: "*1979* was a year of virtually zero growth in advertising expenditure, and even in the absence *of the industrial disputes which* affected revenue, only very modest growth would have been experienced. Although the level of advertising expenditure relative to consumers' expenditure and GNP remained at a high level in 1979 when compared with the past decade, this is likely to represent a plateau in the level of advertising activity. This plateau reflects a level of activity considerably below the levels achieved in in 1960s."

Expressed in 1970 prices, the expenditure total last year was £651m, *against £645m in 1978.* That made it the decade's third best year for advertising, after 1974 (£667m) and 1973 (£716m).

The ad spend last year represented 1.9 per cent of total consumers' expenditure (the fourth best level since 1960), and 1.34 per cent of GNP (the second best since 1969).

According to Mike Waterson, the AA's head of research, appoximately £70m of the £105m "lost" during the TV strike eventually found its way back *on to TV, or to rival media.* The £35m that was lost for good was worth about £10m in constant 1970 prices, so that in real money terms, the 1 per cent *rise in total expenditure last* year would have been two and-a half times greater but for the ITV strike.

The most important point to note about the figures, claims the Advertising Association, is that in no way does the addition of the estimated "lost" £10m bring the 1979 total close to the record level of 1973.

This is a peculiar observation, to say the least. In all probability, the 1973 figure was not so much a record as an aberration. Like the world long jump record, set in 1968, it should be invoked only in specialised conversation.

According to AA definitions and figure-work, the regional Press was *Britain's biggest* advertising medium last year, *attracting £593m in revenue*—28 per cent of the total. This put it *ahead of television* (£471m, 22 per cent of the total) and the national Press (£347m, 16.3 per cent of the total).

The Regional Newspaper Advertising Bureau was quick this week to sound *its* horn and point to a substantial increase not only in revenue but in the volume of advertising carried by daily and weekly newspapers outside London.

But as the AA points out, the impact of media strikes and disruptions last year makes it impossible to draw firm conclusions about long-term trends in the pattern of media expenditure. With the prospect of satellite TV and other forms of *media fragmentation* to contend with, they would be redundant anyway.

Bearing in mind the TV strike, and remembering that it is almost impossible to add in lost revenue estimates, or to separate the effects of the strike on rival media, it can be seen that the Press sector which performed best last year was magazines and periodicals, with a 26 per cent rise in revenue, at £180m.

"Television revenue itself *fell from £482m in 1978 to* £471m in 1979 (a fall of 2 per cent), reflecting the TV strike," says Mr. Waterson. "The other media (poster and transport, cinema and radio) all registered substantial gains over the year (37 per cent, 31 per cent and 49 per cent respectively).

"Although the exceptional growth in poster and cinema advertising probably *mainly* reflects the TV strike, the *growth of radio advertising in* 1979 also certainly reflects the *very rapid growth this still* relatively new medium has *been experiencing.*"

Total advertising in national daily newspapers rose substantially (plus 23 per cent), says the AA, reflecting increased display expenditure stemming from the TV strike. Expenditure in the Sundays rose by only 7 per cent, reflecting the absence of the Sunday Times. Total *classified* expenditure rose by 18 per cent last year (it is now falling rapidly), and *freesheets boomed—the AA's* estimate of freesheet expendi*ture last year exceeds its* estimate of total radio expenditure.

The percentage changes in expenditure levels in the different product groups varied much more widely than usual last year. The food sector, which relies heavily on TV, rose by only 0.5 per cent. Clothing, household and leisure, and toiletry and medical expenditure either fell or marked time in real terms, though significant growth was shown by the drink, tobacco and automotive sectors.

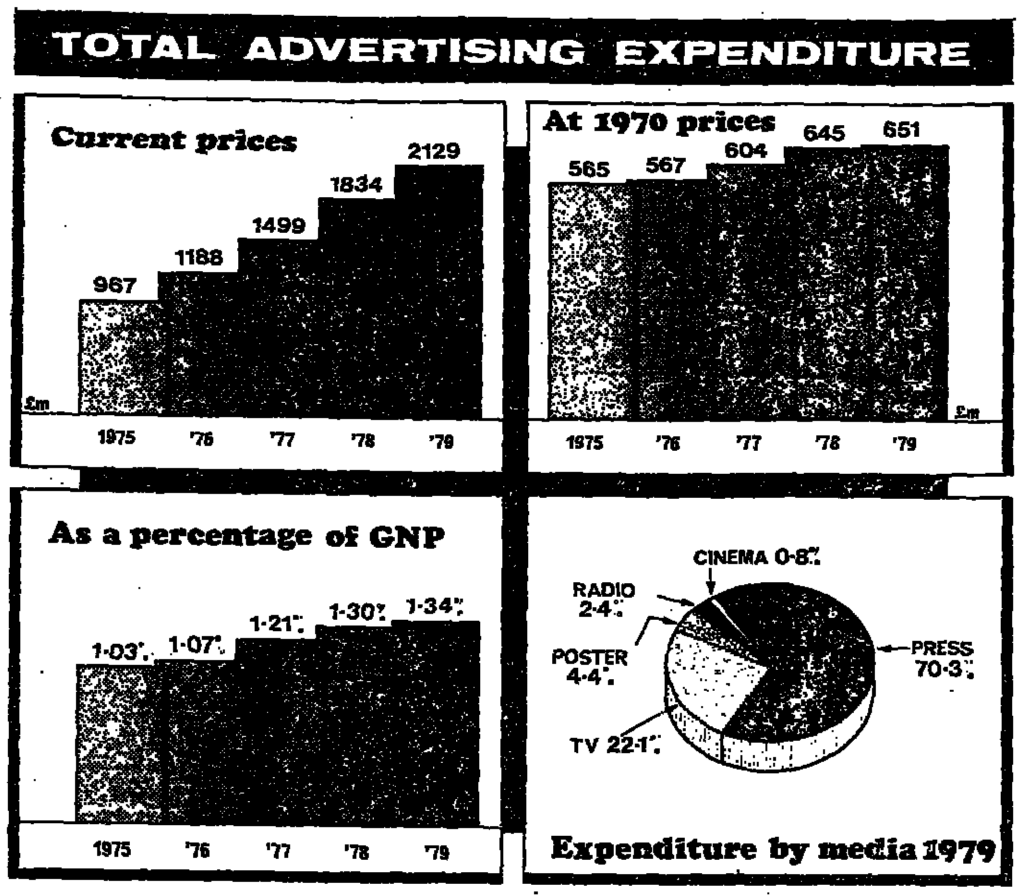
The total level of manufacturers' consumer advertising rose by 13 per cent, equivalent *to a fall of 2 per cent in real* terms. The non-MCA sector, *relying in general much less* heavily on TV, produced substantial gains *in most categories,* so that total non-MCA expenditure showed an overall growth in revenue of 18 per cent (plus 3 per cent in real terms).

What of the outlook now? It is true that classified advertising has gone down with a bump, and that the bloom is fast fading on the remarkable advertising boom of the past six months. But even the most Gucci-fied of agency managers must stop and think twice before claiming that the horrors that await them in this recession will be anything like as severe as those looming in *industry* and manufacturing.

Mike English, president of the *Institute of Practitioners* in Advertising, says the situation "*is not at all comparable with* that of 1974," and that the *majority of agencies,* their wits sharpened by their loss of profits *during the ITV strike, are in* "pretty good shape."

Mike Townsin, media director of Young and Rubican, offers *this mature view:* "There are definite signs that recession is setting in, for we are seeing a large number of cuts and postponements *by clients.* However, the tremendous buoyancy of the first six months will carry on in to July. It is not just the carryover from the ITV strike, but the sheer momentum of expenditure of the past three or four years.

"It has been said that advertisers will try and spend their way clear of this recession. That would be true if marketing directors called the final shots, but they don't. The finance director still has the ultimate say on marketing expenditure. There will be more resilience to cuts than hitherto, but cuts there will be. Things will not look good for at least 18 months."



Heineken refreshes the parts other beers cannot reach.

The Heineken campaign is one of the advertising world's own favourites. The latest poster, *unveiled this week, features J. R. of Dallas, though it doesn't answer who shot* him. Whitbread, which brews and sells the brand in Britain, says sales of Heineken *here last year topped 1.5m barrels. The agency* is Collett Dickenson Pearce.

Idea worth inspection

BY ANTONY THORNCROFT

MARKETING'S LOVE affair *with the computer did not last* long. All those mapped out *marketing plans, so rapidly* thrown up on the marketing director's *terminal,* were quickly found to be far from *satisfactory when it came to the* actual business of selling. This still needs *to be done by men* rather than machines.

But computers do have a supportive role to play, built around their basic ability to store millions of facts and cough them up at the touch of a button. Nielsen, the largest research company in the world, is a great one for facts, so it was hardly surprising when, in 1978, *it* bought CMIS, an American company which keeps on computer all sorts of marketing information, both external *and internal, so that* clients can receive very rapidly any facts *they think may help* in making a marketing decision.

In the U.S., CMIS has Coca-Cola, General Mills, Miles Laboratories, Kraft, General Foods and Pepsi Cola among its clients, and doubtless some of their subsidiaries pay the £500 a month plus to take the service in the UK, but CMIS is *being coy about their names.* Obviously a business which keeps confidential marketing information of rival companies on the same computer has to seem secretive.

Managing director Derek Bayliss is happier giving examples of computer marketing *in practice.* The product manager of one client had his television budget for the year halved. Turning to his terminal, he conjured up sales volume in nine television regions over three years and brand shares out of seven competing brands region by region.

He discovered that the printout pointed to *Scotland, Lancashire and Tyne-Tees* as the most cost-effective areas for *his* advertising, and they got special treatment *in the cuts. Of course,* the really up-to-the-minute marketing man should carry such information in his head, but in *practice the* books of statistics, JICTAR ratings, Nielsen store data and the rest land on the desk and are ignored in the latest company crisis. The manager could have dug out the relevant figures in time—but time is what CMIS saves.

In another case, a client used the system to ensure that a product unsuccessfully launched in test market three years previously stood a better chance second time around. All data relating to the first test—ex-factory shipments, consumer sales related to advertising support, trade stocks, price deals, consumer offtake and so on—were examined. The weak areas were exposed, including the need for more specific research, and the company was able to plan with more confidence.

The idea behind CMIS is very simple—making better use of all the research that consumer goods companies invariably pay for, and marrying the standard *surveys* with internal information. Companies will not need *instant data every day,* but just one shrewd use of the system *could pay for the cost* many times over.

If it encourages marketing and product managers to take *research more seriously,* it deserves inspection, despite the fact that it derives from the subsidiary of a leading research company.

Harrison Cowley's strong hand

ONE GROUP that hopes to ride out the downturn in advertising in relative style is the Bristol-based Harrison *Cowley (Holdings),* which confirmed this week that it plans to place 30 per cent of the ordinary share capital *early next month,* after which it is proposed dealings will take place *under* Stock Exchange rule 163 (2).

It claims to be the biggest agency group entirely outside London, with agencies in Bristol, Birmingham, Southampton, Maidenhead, Manchester and Edinburgh.

"The group is more consumer-oriented than it used to be," said chairman David Harrison yesterday.

Accounts—it has *no* less than 350—are widely spread. *It handles at least £7m worth* of retail advertising. Although retailers are suffering at present, it is thought retail advertising will fare better than most other categories when the going gets rough. Harrison's biggest single account is the £2m Renault dealers business.

Group sales last year were £16.4m. Pretax profits rose 94 per cent to £726,000 (£374,000).

LOMBARD

The great unasked £64bn question

BY ANTHONY HARRIS

A GOVERNMENT which has pinned its central faith in controlling the money supply might be supposed to have an intense interest is what is, after all, generally agreed to be a difficult question: what is money? Yet this is the one question which is invariably brushed aside in any discussion. The Green Paper on monetary control even forbids asking it; any wavering in our devotion to Sterling M3 (itself a relatively recent invention) would confuse the market and undermine confidence. Like the preacher said, "We have come to a difficulty; let us confront it, and pass on."

Yet at the risk of offending the powers that be, I must insist that this is not just an arcane technicality. The effect of monetary policy depends crucially on the definition of what is controlled. Start with a silly definition, and you will get a silly policy.

Sterling M3 should be a textbook example. The test I would propose of a monetary policy is what kind of events sound the alarm bells in the hallowed Parlours, and which do not. Sterling M3 consists of domestic holdings of sterling bank balances and cash, so any attempt to finance a rise in credit and money on this base sounds the bells. But if the rise in lending is financed by foreign deposits, or out of bank profits, no bells sound—or not until much later.

No accident

It is hardly an accident, then, that the result of a tight Sterling M3 policy has been a huge current account deficit (allowing foreigners rather than British citizens to acquire bank balances), and an absurd rise in bank profits, hotly defended by the Bank of England. In terms of the definition of Sterling M3, these developments could easily be called policy objectives. It is through bank profits and a weak current account that we have been able to reconcile a high rate of inflation with a low rate of monetary growth.

In the end, however, a squeeze flattens the economy: and then, you might hope, the green lights for relaxation would show up on the great control panel in Threadneedle Street. Not a bit of it. An early result of recession, you see, is a sharp improvement in the current account; and with money no longer leaking out of the British economy, the signals stay stuck at red.

This might be a sensible outcome, though a sad one, if Sterling M3 was actually a reasonable measure of the spending power available to the UK economy—if, in the terms used by the late and great Lord Radcliffe, it was a fair measure of liquidity. Lord Radcliffe was no economist, but he had a judge's ability to get to the heart of matters. The great incident on about the second day of his efforts, when he learned from Mr. Leslie O'Brien (as he then was), that the subject of his inquiry was "all book entries," marked the birth of wisdom: the whole report is still an inspiring text on the difficulty of defining money.

Irrelevancies

What he would certainly not have come up with, to return to our present problems, is Sterling M3; because as a definition of liquidity, it is just plain hopeless.

Consider, for example, what the 55 per cent of the population which is unbanked uses for money (apart from notes and coin, which come into any definition, however silly). The answer is usually a building society deposit. This is not part of Sterling M3. What the middle classes now use, for all but trivial amounts, is credit cards. Not counted. And what most people use to settle their credit card and other bills, and what industry uses almost universally, to back its payments is also not counted: overdraft facilities.

Yet we have whole crises about the irrelevancies which are counted—the cash balances of pension funds, which are mainly waiting to go into gilts, or the pyramids of CDs which arise when corporate treasurers are arbitrating interest rates. A policy which shrugs off a dreadful balance of payments, but flies into a panic over what fund managers ate for breakfast, meets my definition of "silly". Better sense in a future column.

Of wigs and the legal wonderland

BUSINESS AND THE COURTS

BY A. H. HERMANN, Legal Correspondent

"YOU MAY take off your wigs," said Lord Denning. It was getting very hot in Court 3, but not all the lawyers present made use of his permission. Some kept their wigs on, and they were not those most likely to be bald.

With a sudden flash of enlightenment, I realised how much easier it was to plead utter nonsense once you wear fancy headgear. There are things no lawyer would dare to present as reasonable to his child or to a neighbour across the garden fence but finds quite easy to defend once a wig has helped him to imagine that he is a 17th-century gentleman and quite innocent of any knowledge of the realities of present-day life.

There was a time when the common law—an amalgam of what was thought reasonable and just by local and itinerant judges—became petrified and no longer adequate to the needs of the day. Those who could not get justice in the courts of law turned to the ecclesiastical court of the Lord Chancellor, who was ready to temper the law by decisions based on what he thought to be fair and just.

While courts dealt only with ownership, the Chancellor's Court developed the doctrine of trusts, and this is only one of many examples of how equity responded to new forms of business and social life.

Later on law and equity were merged, to be administered by all courts, but we now seem to be returning to a situation when different decisions can be expected from different judges, if not from different courts: there are those who stick to the letter of the law, and there are those who lay greater emphasis on business sense, fairness and general intent of parliament.

There seems to be a masochistic trait in the method of law interpretation which obliges the judge to conclude that something may be right in law though everyone feels it to be wrong on all other counts. Decisions of this sort are invariably introduced with some such formula as, "It is with considerable regret that I find myself compelled to allow these consolidated appeals"—Lord Diplock's opening words in his speech on the "Operation Julie" drugs case*.

While Mr. Justice Park and the Court of Appeal seemed to have accepted the argument of the Crown that parliament intended to strip drug traffickers of the whole of the profits of their crime, the Law Lords disagreed.

They held that parliament did not authorise the court "to follow the assets," that is the cash obtained for drugs when put into a bank account, because "no machinery whatever is provided by the section (27 of the Misuse of Drugs Act 1971) for effecting the assignment of choses in action or creating and realising the charges on real and personal property which 'following the assets' in this kind of way would entail."

This dictum is not only hard for a layman to understand, but also in crass contradiction with the more practical school of thought that where the legislator stops after saying what should be done, the administrators (or courts) have a free choice of methods for achieving it.

The other school of thought concentrates more on the legal instruments and machinery than on the substance. In "Operation Julie" the lower courts held that conspiracy to contravene the Misuse of Drugs Act 1971 should be punished also by forfeiture, for which that Act provides. The Lords said no, conspiracy may fall short of the deed punishable under the Act. It is merely an agreement to do something, which if done would be a criminal offence.

Forfeiture of the fruits of crime could not be justified by conspiracy only (though it seems that it would have been in order if the money was confiscated by means of a fine). It is somewhat grotesque that it had to be left to H.M. Inspector of Taxes to do what the entire country, including the Lords, thought to be just, but which the Lords felt unable to approve in their judicial capacity.

It was formalism all the way through. Conviction for conspiracy was sought and obtained because it simplified the trial. There was no doubt that "offences under the Act" justifying forfeiture were committed. Lord Diplock said: "The appellants had carried on for several years a lucrative criminal enterprise of manufacturing and supplying the Class A hallucigenic drug lysergide."

Sometimes judges are themselves critical of the results they feel obliged to reach. Thus Mr. Justice Parker said** it was an "indefensible absurdity" that the Commercial Court could not award interest on money which had already been paid, though only much later than it became due. In the Commercial Court the creditor can be awarded interest only if he obtains judgment for the principal sum, while next door, in the Admiralty Court, he can be awarded interest even if the principal sum has already been paid.

With the MLR at 17 per cent the denial of interest is, of course, perceived by the businessman to be a gross inequity. Are arbitrators also bound by this silly rule? Lord Denning said, "for years now it has been the practice in commercial arbitrations to award interest on the amount found to be due without restriction. The arbitrators have a complete discretion as to the amount of interest and as to the period of time. That practice goes back at least to the year 1819."

However, Mr. Justice Parker said that Lord Denning's statement, made in the *Finix†* case, was no part of the reasoning and, therefore, not binding upon the judge. In his experience of common arbitration there was no such practice.

He felt obliged, therefore, to uphold a rule which, as he said, had been severely criticised by the House of Lords as long ago as 1893. In its Report on Interest (Cmnd 7229) the Law Commission included a Draft Bill which would remove this anomaly. The Law Commission has, in the 15 years of its existence, striven for many good causes, succeeded in some, but failed in the most important ones.

Its main purpose has been the codification of certain parts of English law in a form laying down the principles in simple language to be interpreted by the courts. As Mr. Justice Kerr, chairman of the Commission, said in his Edward Bramley Memorial Lecture in Sheffield last week, the attempts to produce such codes have met with opposition and there is little hope for such projects at present.

Whatever the attitude of the administration, law reform Bills have little chance in parliament if they compete with its already over-crowded programme and are subject to the same complicated procedures. "We greatly need some simplified legislative process to get Law Reform Bills into and through parliament," said Mr. Justice Kerr.

The patience of the business community with the lawyers' reluctance to take off their wigs would be admirable had it not such unfortunate consequences. Lord Wilberforce, who once warned the Peers that law reform is a subject on which it is very easy to be starry-eyed and unrealistic, has also said that it is a "much too serious a matter to be left to the lawyers."

** House of Lords Regina v Cuthbertson and others.*

*** High Court, London. Tehno-Impex and Gebr. Van Weelde Scheepvaartkantoor BV. Judgment November 5, 1979. FT European Law Letter, January, 1980.*

† 1978 1 LLL 16.

Bonnie Charlie for Champagne

RACING

BY DOMINIC WIGAN

BOTH THE North and the South of the country have interesting racing in prospect today. Newcastle's Racegoers' Club concession day card features the £6,000 Dobson Peacock Handicap, while at Salisbury racegoers have the chance to see some highly-rated two-year-olds contesting the equally valuable Piper Champagne Stakes.

Supported for the first time this year by Piper Heidsieck, whose name was associated with the Cheltenham Gold Cup, the Champagne Stakes has attracted 11 runners. Here a good many backers will undoubtedly be content to side with the progressive Chateau Dancer, whose handler, Ryan Price, took the race a year ago through Lavinsky. On her third and most recent appearance, this American-bred filly justified market position in good, though not dramatic style, at Newbury on June 12 in the Kingsclere Stakes.

Sent into the lead a furlong and a half from home there, Chateau Dancer answered Brian Taylor's calls in particularly game style to beat Golden Bowl.

Although the Findon filly won strictly on merit, the form could be suspect for, in addition to the fact that Rose Bowl's first foal handicapped herself through running green, the highly-rated Nabila failed to show anything like what she is capable of.

I expect Chateau Dancer to run another good race this afternoon, but turn to Bonnie Charlie to come out on top. This twice-raced challenger from Guy Harwood's in form Pulbrough stable was in no way disgraced when going down by three-quarters of a length to Robellino at level weights in a division of the Kennett Maiden Stakes an hour before Chateau Dancer's success. Furthermore, the time of 1 minute 14.39 seconds for the event was noticeably better than that achieved by the Price filly.

Newmarket trainer, Sir Mark Prescott, who sends his horses far and wide in search of likely-looking opportunities, has probably found the right race for Spring Moon in the 1½-mile Carnarvon Challenge Cup. Last time out,

SALISBURY
2.15—Gin Game
2.45—Storm Rock
3.15—Bonnie Charlie***
3.45—Spring Moon**
4.15—Cannon King*

NEWCASTLE
2.30—Chumwar
3.30—Seven Hearts
4.00—Swizzle
5.00—Elizabeth Jane

TV/Radio

BBC 1

† Indicates programme in black and white

6.40-7.55 am Open University. (Ultra high frequency only). 11.55 Tennis from Wimbledon. 1.30 pm Mr. Benn. 1.45 News. 1.55 Wimbledon Tennis. 4.18 Regional News for England (except London). 4.20 Play School. 4.45 Buford Files and Dinky Dog. 5.05 John Craven's Newsround. 5.15 We Are The Champions.

5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Wimbledon Tennis.
7.35 Top of the Pops.
8.05 Taxi.
8.30 That's Life Report.
9.00 News.
9.25 Square Mile of Murder.
10.15 Uncle Sam's Backyard.
10.45 All About Books with Russell Harty.
11.20 News Headlines.
11.22 John Laurie in "The Old Boy Network."
12.02 am Weather / Regional News.

All Regions as BBC 1 except as follows:—

Cymru/Wales—5.55 pm Wales Today. 6.15 Heddiw. 6.35 Join BBC 1 (Wimbledon). 12.02 am News and Weather for Wales.

Scotland—1.25-1.30 pm The Scottish News. 5.55-6.20 Reporting Scotland. 12.02 am News and Weather for Scotland.

Northern Ireland—11.00 am-1.15 pm Cricket: Ireland v West Indies. 4.18-4.20 Northern Ireland News. 5.55-6.20 Scene Around Six. 12.02 am News and Weather for Northern Ireland.

England—5.55-6.20 Look East (Norwich); Look North (Leeds, Newcastle); Look North-West (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South-West (Plymouth).

BBC 2

6.40-7.55 am Open University.
11.00 Play School (as BBC 1 4.20 pm).
2.00 pm Wimbledon Tennis.
7.50 One Hundred Great Paintings.
8.00 Mid-evening News.
8.10 The World About Us.
9.00 Dance Month: "No Maps on My Taps" (music by Lionel Hampton).
10.05 Wimbledon highlights.
11.00 Newsnight.

LONDON

9.30 am Rocket Robin Hood. 9.50 Focus on Wildlife. 10.15 Boney. 11.05 Element of the Unknown. 11.55 The Bubblies. 12.00 Little Blue. 12.10 pm Stepping Stones. 12.30 The Sullivans. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 For Maddie With Love. 2.00 Here Today. 2.45 The Spencer Side. 3.45 Superstar Profile (Gregory Peck). 4.15 Little House on the Prairie. 5.15 Batman.

5.45 News.
6.00 Thames News.
6.20 Help!
6.30 "Nearest And Dearest," starring Hylda Baker and Jimmy Jewel.
8.00 The Cuckoo Waltz.
8.30 TV Eye.
9.00 Catherine Cookson's "The Mallens."
10.00 News.
10.30 Thames Report: Commuters: Who Should Pay?
11.00 Lou Grant.
12.00 What the Papers Say.
12.15 am Close: Personal choice with Rita Tushingham.

All IBA Regions as London except at the following times:—

ANGLIA

9.35 am The Adventure World of Sir Sir Edmund Hillary. 10.00 Search for the Super. 10.50 Mary O'Hara at the Gaiety. 11.40 Hallas and Batchelor Cartoon. 12.30 pm Against the Wind. 1.20 Anglia News. 3.45 Looks Familiar. 4.15 The Bubblies. 4.25 Rocket Robin Hood. 4.45 The Next Week Show. 5.15 Emmerdale Farm. 6.00 About Anglia. 6.20 Arena. 6.35 Crossroads. 7.00 Movin' On. 10.30 Snooker. 11.00 Luke's Kingdom. 12.00 Themes.

ATV

9.35 am The Nature of Things. 10.25 Stars on Ice. 10.50 Chopper Squad. 11.45 Here Comes Mumfie. 12.30 pm Gardening Today. 1.20 ATV Newsdesk. 3.45 Looks Familiar. †4.15 The Bud and Lou Picture Show: "Abbott and Costello meet Frankenstein." 6.00 ATV Today. 6.35 Crossroads. 7.00 Emmerdale Farm. 7.30 George and Mildred. 10.30 Format V. 11.10 ATV Newsdesk. 11.15 Kaz.

BORDER

9.35 am Animated Classic (Moby Dick). 10.25 Welcome to the Ceilidh. 10.50 Selkirk Common Riding. 11.15 Look Who's Talking (Derek Batey talks to Paul Daniels). 11.40 Technoflash. 1.20 pm Border News. 3.45 Looks Familiar. †4.15 Thursday Matinee: "The Marx Brothers Go West." 6.00 Lookaround Thursday. 6.35 Crossroads. 7.00 Emmerdale Farm. 7.30 George and Mildred. 10.30 Soap. 11.30 Thursday Movie: "The Hostage Heart," starring Bradford Dillman. 12.40 am Border News Summary.

CHANNEL

12.30 pm Against the Wind. 1.20 Channel Lunchtime News, What's On Where, and Weather. 3.45 Looks Familiar. 5.15 Emmerdale Farm. 6.00 Report at Six. 6.35 Crossroads. 7.00 Summer 1940, part 2. 7.30 The Incredible Hulk. 10.28 Channel Late News. 10.36 Soap. 11.05 The Horror Film: "Theatre Of Death." 12.40 am News and Weather in French.

GRAMPIAN

9.25 am First Thing. 9.30 The Lost Islands. 10.00 Stars on Ice. 10.25 Welcome to the Ceilidh. 10.50 Selkirk Common Riding. 11.15 Look Who's Talking. 11.40 Cartoon. 12.30 pm Against the Wind. 1.20 North News. 3.45 Looks Familiar. 5.15 Mork and Mindy. 6.00 North Tonight. 6.35 Crossroads. 7.00 Charlie's Angels. 10.30 Reflections. 10.35 Superstar Profile. 11.05 Soap. 11.35 Have Girls Will Travel. 12.30 am North Headlines.

GRANADA

9.30 am Sesame Street. 10.25 The Land. 10.45 The Lost Islands. 11.10 The Stationary Ark. 11.35 The Flintstones. 12.30 pm Against the Wind. 1.20 Granada Reports. 3.45 Looks Familiar. 4.10 The Undersea Adventures of Captain Nemo. 5.15 Square One. 6.00 Granada Reports. 6.30 Emmerdale Farm. 7.00 Charlie's Angels. 10.30 Celebration. 11.00 Mannix. 11.55 What the Papers Say.

HTV

10.00 am To Live Again. 10.25 The Company Man. 11.20 Clapperboard. 11.50 Larry the Lamb in Toytown. 12.30 pm Money-Go-Round. 1.20 Report West Headlines. 3.45 Food, Wine and Friends. 4.15 Spiderman. 4.45 Wyatt's Place. 5.15 Jobline Newsdesk. 5.20 Crossroads. 6.00 Report West. 6.30 Emmerdale Farm. 7.00 The Incredible Hulk. 10.35 Festival '80. 11.20 Kaz.

HTV Cymru/Wales—As HTV West/HTV General Service except: 12.00-12.10 pm Ffalabalam. 1.20 Penawdau Newyddion Y Dydd. 1.25-1.30 Report Wales Headlines. 4.45 Ser. 5.15-5.20 Cartoon Time. 6.00 Y Dydd. 6.15-6.30 Report Wales. 10.35 Out of School. 11.05-12.00 Kaz.

SCOTTISH

9.30 am Friends of Man. 10.00 Diary of Civilisation. 10.50 Westside Medical. 11.40 Kum Kum. 12.30 pm About Gaelic. 1.20 News and Road and Weather. 3.45 Looks Familiar. 4.15 Larry the Lamb. 4.25 Salvage 1. 5.20 Crossroads. 6.00 Scotland Today. 6.30 Report. 7.00 The Incredible Hulk. 10.30 Encore for the Arts. 11.15 Late Call. 11.20 Paris.

SOUTHERN

9.30 am Dynomutt the Dog Wonder. 9.55 "There's No Business Like Show Business," starring Ethel Merman. 12.30 pm Against the Wind. 1.20 Southern News. 3.45 Looks Familiar. 4.15 Tarzan. 5.10 Mr. Magoo Cartoon. 5.20 Crossroads. 6.00 Day By Day. 6.30 University Challenge. 7.00 Emmerdale Farm. 7.30 Doctor Down Under. 10.35 People Rule! 11.05 Celebrity Concert (Nana Mouskouri). 12.05 am What the Papers Say.

TYNE TEES

9.20 am The Good Word, followed by North-East News. 9.30 Model Railroading Unlimited. 9.55 On Seven Hills They Built a City. 10.20 The White Stone. †10.45 Morning Movie: "Nothing Barred," starring Brian Rix and Leo Franklyn. 1.20 pm North-East News and Lookaround. 3.45 Looks Familiar. 4.15 The Lost Islands. 4.45 Salvage 1. 6.00 North-East News. 6.02 Crossroads. 6.25 Northern Life. 7.00 Emmerdale Farm. 7.30 Survival. 10.30 North-East News. 10.32 Starring Derek Jacobi. 11.30 Check It Out. 12.00 Police Surgeon. 12.30 am It's Only Natural.

ULSTER

10.25 am Welcome to the Ceilidh. 10.50 Documentary. 11.15 Look Who's Talking. 11.45 Cartoon Time. 1.20 pm Lunchtime. 3.45 Looks Familiar. 4.13 Ulster News Headlines. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Ulster Television News. 6.20 Police Six. 6.30 Sounds of Summer (Ralph McTell). 7.00 Emmerdale Farm. 7.30 England Their England. 10.29 Ulster Weather. 10.30 Enterprize: "The Mustard King." 11.00 Family. 11.55 Bedtime.

WESTWARD

9.30 am Larry the Lamb in Toytown. 9.45 The Lost Islands. 10.10 Cartoon Time. 10.25 Feature Film: "The Games," starring Stanley Baker and Michael Crawford. 12.30 Against the Wind. 1.20 Westward News Headlines. 3.45 Looks Familiar. 4.15 Gus Honeybun's Birthdays. 5.15 Emmerdale Farm. 6.00 Westward Diary. 6.35 Crossroads. 7.00 Encounter. 7.30 The Incredible Hulk. 10.32 Westward Late News. 10.36 Soap. 11.05 The Horror Film: "Theatre Of Death," starring Christopher Lee. 12.40 am Faith For Life. 12.45 West Country Weather.

YORKSHIRE

9.30 am The Nature of Things. 10.20 Wild, Wild World of Animals. 10.45 Sealab 2020. 11.10 Three For The Road. 12.30 pm Tell Me Another. 1.20 Calendar News. 3.45 Looks Familiar. 4.15 The Woody Woodpecker Show. 4.45 Little House on the Prairie. 6.00 Calendar (Emley Moor and Belmont editions). 6.35 Crossroads. 7.00 Emmerdale Farm. 7.30 Lingalongamax. 10.30 Doctor Down Under. 11.00 Fantasy Island. 12.00 Superstar Profile.

RADIO 1

(S) Stereophonic broadcast
‡ Meduim Wave

5.00 am As Radio 2. 7.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Andy Peebles. 4.31 Peter Powell. 7.02 25 Years of Rock. 8.00 Mike Read. 9.50 Newsbeat. 10.00 John Peel (S). 12.00-5.00 am As Radio 2.

VHF Radios 1 and 2—5.00 am With Radio 2. 2.03 pm Ed Stewart's Request Show (S). 4.03 Much More Music (S). 6.03 John Dunn (S). 8.02 With Radio 2. 10.00 With Radio 1. 12.00-5.00 am With Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Steve Jones (S). 7.32 Terry Wogan (S). 10.03 Jimmy Young (S). 12.03 pm David Hamilton (S). 2.03 Wimbledon Tennis. 7.00 John Dunn (S) (joins VHF). 8.02 Country Club (S). 9.02 Alan Dell with the Big Band Sound (S). 9.55 Sports Desk. 10.02 Wit's End. 10.30 Star Sound Extra. 11.02 Brian Matthew with Round Midnight. 12.00 News. 2.02-5.00 am You and the Night and the Music (S).

RADIO 3

10.55 am Weather. 7.00 News. 7.05 Overture (S. 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Shostakovich (S). 10.00 Michala Trio Concert, part 1 (S). 10.45 Interval Reading. 10.50 Concert, part 2. 11.30 Mahler's Ninth Symphony (S). 1.00 pm News. 1.05 Schumann and Prokofiev cello and piano recital (S). 2.00 "Lo Speziale," opera by Haydn (S), including 2.45-2.55 Interval Reading. 3.45 Schoenberg's Piano Music (S). 4.55 News. 5.00 Mainly For Pleasure (S) (‡ and mono only from 6.20). 7.00 Talking About Music (S). 7.30 As Radio 4. 9.20 Nuclear War: The Soviet View (talk by Professor John Ericson). 9.40 Elly Ameling: Schumann song recital (S). 10.10 Cello and Piano recital (S). 11.00 News. 11.05-11.15 W. F. Bach (S).

VHF only—Open University: 6.00-7.00 am and 6.20-7.00 pm; and for Scottish students only: 12.00-1.00 am.

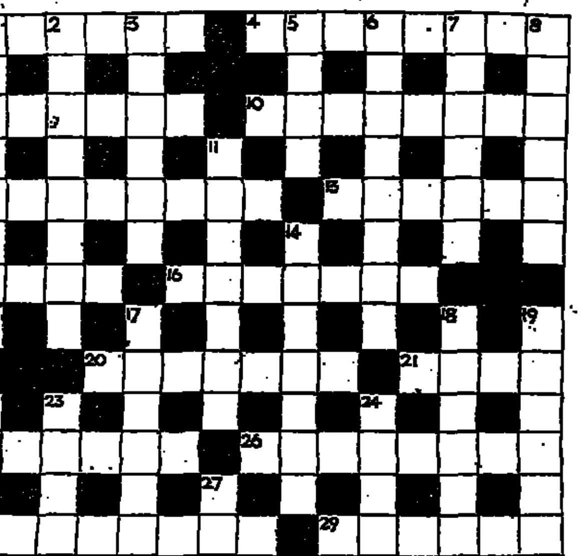
RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today, including 6.45 Prayer for the Day; 7.00, 8.00 Today's News; 7.30, 8.30 News Headlines; 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Checkpoint. 9.30 The Living World. 10.00 News. 10.02 Clubland Heroes. 10.30 Daily Service (S). 10.45 Story Time. 11.00 News. 11.05 Analysis. 11.50 Smith on Survival. 12.00 News. 12.02 pm You and Yours. 12.27 Quote . . . Unquote (S). 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Listen With Mother. 3.15 Afternoon Theatre (S). 4.15 Any Answers? 4.45 Short Story. 5.00 PM: News magazine. 5.50 Shipping Forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Brain of Britain 1980 (S). 7.00 News. 7.05 The Archers. 7.20 Time For Verse. 7.30 Bournemouth Symphony Orchestra Concert, part 1 (S). 8.20 Geoffrey Moorhouse Revisits Tyneside. 8.40 Concert, part 2 (S). 9.20 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Robbie Vincent Telephone Programme. 1.03 pm London Live. 4.30 London News Desk. 5.35 Look, Stop, Listen. 7.03 Black Londoners. 8.00 Question Time from the House of Commons. 9.00-5.00 am Join Radio 2.

F.T. CROSSWORD PUZZLE No. 4,307



ACROSS

1 Behold two articles to dislike intensely (6)
4 Sandwich of fish and meat but it's ill-dressed (8)
9 Inflammable jelly produced by North African tree (6)
10 Perfumed and despatched we hear, three-quarters full (8)
12 Article in flight in window (8)
13 Grumble about game (6)
15 Wagered ring in return (4)
16 Steal a bit (7)
20 Common soldier (7)
21 Pretty good trade show (4)
25 Haul north in supreme happiness (6)
26 Weed with worker in field (8)
28 Accept first of rapiers and fence (8)
29 Learn to dismount and escape (3, 3)
30 Taste fish that's bedevilling (8)
31 Fly Around Common Market? It's woolly! (6)

DOWN

1 Arrival at an avalanche? (8)
2 Something added or removed (8)
3 Had oil converted into a chemical compound (6)
5 Current athletic event (4).
6 Common soldier going to exercise baboon (8)
7 Stream in a state of continuous change (6)
8 Rope from horse's head to change (6)
11 Fortune left in part of church (7)
14 A friendly leader twice able to be courteous (7)
17 Healing which technical soldiers face (8)
18 Scrap nought in page to make an addition to the end of a word (8)
19 Insect making bird take to the air (5-3)
22 Eager desire for re-designed T-shirt (6)
23 Doubly able to create a dance (6)
24 Temper a note in chronicle (6)
27 Poor average (4)

Solution to Puzzle No. 4,306

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THE ARTS

Stratford, Ontario

At the Avon Stage

by B. A. YOUNG

The Avon, a proscenium-arch theatre a stone's throw from the Market Place in the middle of Stratford, is the smaller but not necessarily the lesser of Stratford's two houses. Peter Ustinov's *Lear* played there last season and will play again this autumn; and this year's season opened with Edna O'Brien's *Virginia*, a truly remarkable play with a memorable performance by Maggie Smith as Virginia Woolf. Only 17 performances are scheduled for the whole season, and when I left Stratford all were already fully booked, though an attempt was being made to adust the schedule to include a few more.

I have already reveiwed this play in the issue of June 12, but I do not apologise for referring to it again, for it marks two important points. First, it confirms Edna O'Brien's talent as a writer for the theatre, already foreshadowed in *A Pagan Place* a few years ago—her sense of the rhythms of spoken dialogue and the apt placing of a climax. Second, it shows Maggie Smith in a performance different from any she has done before—an inward-looking performance where the characteristic (and loveable) gestures of hands and arms have been subdued, leaving the words, and the face, to speak for themselves.

Nothing else at the Avon this year came up to that standard. There was very much pleasure, all the same, to be got from a performance of D. L. Coburn's two-hander *The Gin Game*, by Kate Reid and Douglas Rain, two long-standing members of the Festival, though Miss Reid has not been seen for the past few years. This interesting little play, which has been seen here, and indeed more or less everywhere, with Hume Cronyn and Jessica Tandy, gives its players every opportunity to turn apparent triviality into baneful truth. The two characters, an old man and an old—I suppose I should say middle-aged—lady in an old people's home quarrel apparently over nothing more serious than their games of gin rummy, where the neophyte Fonsia persists in beating the *soi-disant* expert Weller in hand over hand. Only towards the end of the play do you see that their fortunes at cards reflect their fortunes in life. Mr. Rain and Miss Reid (who assured me that they were playing a real game, even though she had sometimes to lay down a gin before she really had it) play with humour and sensitivity. Mel Shapiro directs.

What looked promising but turned out to be a miscalculation was Robin Phillips's new production of *The Beggar's Opera*. He has taken the opportunity to include the newly-formed Stratford Youth Choir in this, crowding them on to a semi-representational stand designed by Daphne Dare and singing elaborate arrangements of the songs by Berthold Carriere (who is responsible for the subtle use of music in Robin Phillips's other productions at the Festival Stage).

They are a very decent choir, and Jim McQueen is a handsome and tuneful Macheath, though how he keeps his lovely clothes so clean on the road I don't know; and there is nice work by Graeme Campbell as Peachum and Jennifer Phipps as Mrs. Peachum, Alicia Jeffery as Lucy Lockit and Edda Gaborek as Polly Peachum. But the music has gone to Mr. Phillips's head, and what we seem to be assisting at is the performance of a cantata in the style of S. S. Wesley in which a little acting is grudgingly admitted.

By the time we left for the first interval, the story had barely begun, and in any case it hadn't been made clear, and indeed never was afterwards, that what we were seeing was a performance played by the inmates of Newgate to while away the time. It just seemed like a demo in good taste against Sir Robert Walpole for something or other not made clear.

Finally there is a new version of Goldoni's *The Servant of Two Masters* by Canadian writer Tom Cone, directed by Peter Moss. Mr. Cone has tried to realise the humour in terms of Hollywood-style dialogue, as if he were writing it for the Marx Brothers. This doesn't work at all, for Goldoni's comedies are only one step away from the *commedia dell'arte*, and the jokes are either visual (plenty of opportunities for those in this play) or swift. Teasing them out into three or four lines of dialogue doesn't go.

The result is a very slow evening in which there are several potentially good performances running to waste—Graeme Campbell as Pantalone; the eponymous servant Truffaldino by Lewis Gordon; Jennifer Phipps especially, as the servant Smeraldina. There is a pretty toy set, even if not as Venetian as it should be, by Michael Eagan.

Elizabeth Hall

Nash Ensemble

The Nash Ensemble ended the current season's schedule of 20th century music concerts with Tuesday's shapely and rewarding programme, predominantly American, of Ives, Barber and Crumb. (It was poorly attended; so the real enthusiasm aroused by the end should be understood as a compliment to the performers.)

At the centre, though, a place was made for the first performance of Nigel Osborne's *Mythologies* for six players. Mr. Osborne's programme note was full of Barthes, structuralism, Lévi-Strauss, North American Indian myths, and the ritual disclaimer about programme music. It is no doubt a crypto-Philistine response to admit, after such an introduction, to surprise at the strong and readily grasped attractions of the music; still, it cannot be a wholly wrong one to find such enjoyment in Mr. Osborne's tissue of delicately gathered sounds.

Cast in a slow-fast-slow form (the description is summary and very rough), in which the central "fast" and its sequel, a "paradigm" are repeated, the piece is not easy to pin down in words, because the overt musical gestures are limited in number, and economically placed (micro-intervals, repeated note patterns, notes bent in pitch and timbre, are the detail most immediately extrapolated at a first hearing). The central scherzo-like section is spun out of quick scurryings and eddyings, with figuration growing denser and more dramatic. But the composer's ear for small sounds is no less sophisticated; a muted trumpet is transformed once again into an imaginative vehicle, and the long slow close, built upon softly swaying cello fifths, quite fails to become tedious.

Mythologies was conducted by Lionel Friend, who also led the performance of Crumb's *Ancient Voices of Children*. It was a pleasure to hear once again Dorothy Dorow's pure, agile, true soprano and to meet in the concert hall the confident boy soprano of Michael Ginn (he is the English National's excellent Miles in *The Turn of the Screw*). It was also a pleasure to hear again Crumb's array of sound-inventions—the fact that they have yet to stale is perhaps proof of greater musical substance in the piece than is often granted it. The three Nash players—Marcia Crayford (violin), Christopher van Kampen (cello), Ian Brown (piano)—had perhaps less than the due amount of robust good humour and knockabout energy to bring to Ives' Piano Trio (the piloting through the cross-rhythms of the Joke Scherzo was very skilful). The smoothly-civilised playing of Barber's wind quintet, *Summer Music*, was, on the other hand, entirely appropriate to the composer.

MAX LOPPERT

Festival Hall

Brahms

The Royal Philharmonic Orchestra's latest excursion in adventurous programming, a five concert Brahms Cycle at the Festival Hall, opened on Tuesday with *A German Requiem*, preceeded by a clear and lucid performance of the Song of Destiny.

Antal Dorati, conducting with unobtrusive, functional gestures, obtained a more refined and homogeneous sound from the RPO than most conductors have achieved this season. The strings were especially good, cushioned on a firm bed of warm cello and double bass tone, never forcing or blurring their lines. Woodwind solos were distinctively phrased, if occasionally too loud in relation to the overall dynamic; only some rough horn playing disturbed the orchestral equilibrium.

Dorati's conception of *A German Requiem* is direct, forward moving and structural. Some sections sounded rushed, the result of his attention to detail conflicting with the player's inability to concentrate fully throughout such a long and diffuse composition. Soprano Barbara Hendricks's solo in the fifth movement suffered as a result.

The Chorus was not one of the RPO's regular collaborators but the University of Maryland Chorus, making their second appearance with the Orchestra. They are a fine young ensemble, obviously well prepared and industrious.

RICHARD JOSEPH

Vinson Cole (Tamino) in 'The Magic Flute'

Opera Theatre of St. Louis

by MAX LOPPERT

Mention St. Louis, and you're apt to be greeted by the refrain of the Judy Garland song (in which, more than one native politely informed me, she mispronounces the name—it's *Louiss, not Louee*). Largest city in the state of Missouri, and self-proclaimed "Gateway to the West," it is famous also for its beer, its McDonnell Douglas aeroplanes, its Mississippi (next to which rises the glittering arch by Eero Saarinen), and its hot, humid weather. It is less celebrated as a tourist city—though, with wide, tree-lined boulevards, and some domestic architecture, parks and fountains, and one of the most important American art galleries, it merits at least a detour (to borrow the Michelin categorisation). And now St. Louis must be placed, firmly and boldly, on the opera-goer's international map: for three weeks each summer the Opera Theatre of St. Louis is in operation at the Loretto-Hilton Theater. The company is just five seasons old, and, as a five-day visit earlier this month amply proved, one of the most interesting and attractive adventures in ensemble opera that I know.

The city has produced a number of famous singers — Helen Traubel, Grace Bumbry, and Richard Stilwell, to name only three—but, until Richard Gaddes, a young Englishman formerly in the Santa Fe Opera administration, was invited for preliminary discussions by a knot of opera-hungry patrons, it was never much more than a novernight stop for the larger tourin gcompanies. There is an opera house, a gigantic auditorium of the kind all too frequently encountered (and all too deleterious to voices of less than heroic capacity) across America. Not using it as his base but discovering, in the grounds of the suburban Webster College, a small (less than 1,000-seater) theatre where voices could carry without having to force and where performances could gain in intimacy and subtlety, was just one part of Gaddes' plan to do things differently.

Singers were to be drawn predominantly from the rich reservoir of young Americans; star names for their own sake were to be avoided. The repertory was to range widely—in the opening season *Albert Herring* was given, and subsequent seasons have seen, alongside Mozart, Verdi, Puccini, and Strauss, such fascinating explorations as Rameau's *Pygmalion*, Martin y Soler's *Arbore di Diana*, *Le Comte Ory* (infrequently done in America), the Weber-Mahler *Drei Pintos*, and the premiere of *The Village Singer* by a little-known young composer, Stephen Paulus. Everything was to be given in English. All of this caused qualms, at first; in five seasons the Opera Theatre has become the object of intense local pride and devotion, and a focus of interest and envy elsewhere across the country—ensemble opera of this kind, more commonly undertaken in Europe, being a goal relatively unfamiliar here.

In my five days I heard a frequently essayed comparison with Glyndebourne. It is plausible, up to a point—for one thing, the agreeably shaded grounds of the Loretto-Hilton invite picknicking and, afterwards, the kind of civilized sociability in which artists and audience mingle to prolong the pleasures of the performance. But it must not be taken too far; the aims of the companies are essentially too dissimilar. The theatre has a thrust stage and a three-sided audience disposition; to a certain extent this dictates a production style (sometimes, as during a rompish *Falstaff*, one longed for the fall of a curtain to contain some of the overspill). The clear acoustics lend insufficient directness and bloom to the instrumental timbres; the orchestra, drawn from the St. Louis Symphony, though consistently good, was seldom fully sensed as an active ingredient in the drama. (The air-conditioning is in G). And while standards of ensemble playing and singing were on the whole remarkably accomplished, none of the five performances that I saw and heard gave off the polished serenity of the best of Glyndebourne. The experience was different — fresh, invigorating, uncluttered.

The 1980 bill of fare was a touch less adventurous than in the past. The double bill—one of the good things about Opera Theatre is its willingness to investigate the vast store of one-act opera—was to have contained the stage premiere of Prokofiev's *Maddalena* (given last year on Radio 3). When that became unavailable, it was replaced by a very slight comedy, *Spiel oder Ernst?* (1930—loosely translated, in Henry Pleasants' unstylish English version, as *Fact or Fiction*) by Emil von Reznicek, remembered, if at all, as the composer of the *Donna Diana* Overture. The life-impinges-on-the-theatre plot, concerning an opera rehearsal of Rossini's *Otello*, was made to seem still slighter, and the music no more than well-assembled footling, by a production conceived solely in terms of exhausted comic cliché—the soprano both sings and "enacts" her coloratura, the tenor postures and semaphores.

Luckily, the evening was saved by a beautifully simple account of *The Seven Deadly Sins*. Though the conductor, Randall Behr, tended to push the music too unyieldingly, the multi-layered allusiveness, limpidity, and lyricism of Weill's score came through. For a European visitor it was unusually moving to encounter the forwardness and frankness of young Americans in the piece—Anna 1 (Elaine Bonazzi) was warm and wise, Anna 2 (Jennifer Donohue) a dancer of youthful radiance and dramatic power. The best one can say of James Cunningham, producer and choreographer, and his designers is that their work showed understanding of Brecht's and Weill's work, surely one of the few tragic masterpieces of our century.

Falstaff and *The Magic Flute* were both given in the masterly translations, alive to the warring requirements of sense verbal colour, rhythmic stress, and dramatic tone, of Andrew Porter—the first some five years old (when are we to have it in Britain?), the second a St. Louis commission being heard for the first time. *Falstaff*, produced by Rhoda Levine and conducted by Bruce Ferden, was not the most unmusical staging in the history of an already much-abused opera (that dubious honour still belongs to Ponnelle at Glyndebourne); but, oh, how one longed to scrape off most of the producer's bits of funny business! What was particularly puzzling about the performance was the way real characters penetrated the knockabout — Maurice Brown's Falstaff, Carolyne James' Quickly and the Alice of Elizabeth Pruett (a soprano of good attack and definite presence) were played in a way to make one remember Verdi and Boito when elsewhere the encouragement seemed to be in the opposite direction.

The Flute, by contrast, was in most respects triumphantly good, as clear, lively, and well-ordered an exposition of the opera as in the absence of great singers you could hope to find. Colin Graham is the St. Louis director of productions: recalling his distinctly unhappy *Flute* for the English Music Theatre several years ago, I was delighted by the blossoming into maturity of what had seemed unpropitious ideas about the piece. The improvement was partly one of design—John Conklin's costumes and panels (including a graceful homage to the famous Schinkel starscape for the Queen of Night) combined a vivid and harmonious colour sense with a keen awareness of the musical *Affekt* of each scene. And partly one of musical performance; the conductor, C. William Harwood, took an almost too free and flexible approach to tempo, yet the timbres glistened and the emotions were rendered newly communicative. (Tamino's aria was very moving). One could argue over production detail—I thought it cruel of Mr. Graham to introduce the chastisement of Monostatos into the final tableau. But the feeling of the whole work, in which an unusually large amount of spoken dialogue was allowed, was right—and when that happens, few things in the opera house are more gratifying.

The ...Flute cast boasted several of the young St. Louis singers one looks forward confidently to meeting on other stages: Vinson Cole, a Tamino who threw out his phrases with impetuous, ringing ardour (a black Tamino necessitated changes in Monostatos' lines); the Pamina of the beautiful Sheri Greenawald, a soprano with harshness in her tone but also a distinction of utterance and movement that projected light on everything she did; Kevin Langan, whose finely focused bass "played" Sarastro's music with an almost instrumental ease. Two of the Queen's ladies, Marianna Christos and the mezzo Judith Christin, were outstanding. They and Miss Greenawald could also be found—as, respectively, Miss Jessel, Mrs. Grose, and the Governess—in Britten's *Turn of the Screw*, in which Neil Rosenshein, a young tenor of notable elegance, both vocal and physical, caressed Peter Quint's off-stage roulades with the seductive grace proper to them though often missed.

The Turn of the Screw, a second Graham production also conducted by Mr. Harwood, has been given in America before, yet it seemed to spring upon the St. Louis audience with a wholy unsuspected force. I marvelled once again at the poetic beauty of the music, and at the way the opera lends itself to a wide variety of faithful treatments: Mr. Graham's was unlike the English National and Kent Opera productions recently admired in this country; and, more deeply than those, it delved into the complex relationships between all the characters (Miss Jesse and Mrs. Grose were central, not tangential, to the action). Again there was detail to disagree with (the children's games struck a false note; the "Ceremony of Innocence" duet brought the ghosts too close to the audience; stage machinery worked awkwardly). Again—especially at the second of the two performances I attended—the substance of the work was caught.

There is talk of *Gloriana* (which would have its U.S. premiere) for next year; and rare Rossini for the future. One wants to press suggestions upon the company—Gluck (*Paris and Helen* or the *Iphigenias*), say, Monteverdi, Fauré's *Penelope*, Virgil Thomson; for it is a company very easy to grow fond of in a short time. *Floreat!*

Cleo Laine to star in 'Colette' musical

Cleo Laine is to star in a new musical, *Colette*, a story with music by John Dankworth, inspired by the life of the French writer Colette. It will open at the Comedy Theatre on September 24.

Cleo Laine plays Colette from the age of 20 to 80 and the cast of three also includes Kenneth Nelson.

BP gives £7,000 to RGS 'map room'

BP is to help the Royal Geographical Society celebrate its 150th anniversary with a £7,000 donation to the society's map room—the largest provate collection of maps in Europe, and open to the public.

The company will also work with the society to develop a set of educational materials about planning small expeditions for young explorers

Royal Court

The Arbor

by B. A. YOUNG

Andrea Dunbar is the name both of the author and the chief character. The play gives the impression of a dramatised diary, written with no pretence of theatrical art, though with an astonishing ability to reproduce the manners and speech of the poor in industrial Yorkshire, and set up situations of vivid truth. Max Stafford-Clark has staged the play with an artless simplicity to match the quality of the writing. His only scenery (designed by Peter Hartwell) is a canvas screen with two doors in it, his only props a few plain chairs and some wooden boards. The emotional impact of the play is almost unbearably shocking.

Each scene is announced from the stage by a narrator. "This is a scene of a boy and girl watching television," we begin; and by the end of the scene Andrea Dunbar, aged 15, has gone to bed with a boy she has only known a week or so. Of course she becomes pregnant. She has to leave school and go to a special school for unmarried mothers; she is caught in a stolen car with some other boys, she is involved in a bestial family fight (wonderfully staged), she goes to hospital and loses the baby. Out in the world again she meets the boy responsible. He barely remembers her.

In the second act, Andrea has grown up a little, but is still as naive as ever. She becomes pregnant by a Pakistani and goes to live with him. He starts to beat her, until she is forced to run away to a refuge where she is directed by a social worker. It is no time before he follows her there. The final scene shows her silent and alone, waiting with no defences for whatever happens to her next.

The character is drawn with great understanding. Asked to make an unwelcome decision she will always answer "Don't know," and indeed she has none of the mechanism needed to cope with the problems of life in her terrible world. When she has to move away from her rowdy home, her drunken father and her quarrelsome brothers, she says sadly, "I like it how it is." Kathryn Pogson gives a performance of remarkable skill, keeping a constant element of simple good-nature in a face condemned to invincible ignorance. Eight players take the other 35 characters, with little more attempt at realism than is contained in the dialogue.

I can't say that I enjoyed the play; who could enjoy such a raw catalogue of suffering? But I admired it more than I can say.

Kathryn Pogson and Jeff Rawle — Leonard Burt

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Thursday June 26 1980

Improving the flow of funds

THE WILSON Committee owed its existence to a highly charged debate in the mid-1970s over two intertwined questions: were the institutions of the City of London responsible for the lack of funds flowing into British industry? And should the more powerful of those institutions be nationalised?

Yesterday, after 3½ years of research the committee gave us its answer. The institutions should not be nationalised. And the major constraint on the flow of finance to industry is its price in relation to expected profitability.

Veil lifted

This judgment had been on the cards for some time — implicit in the preliminary reports and published evidence generated by the committee in the course of its research. The value of the final report, and, indeed of the whole exercise, lies in the veil which it has lifted off the workings of the British financial system, and in some of the committee's ideas *on possible improvement* to those workings. For all the rights and wrongs of the many specific recommendations, the final report is a thought-provoking piece of work.

There are various broad themes running through it, and the first of these is accountability. The committee wants the Bank of England, the Council for the Securities Industry and the Stock Exchange to have the number and diversity of independent members upon their ruling councils increased.

We would support such a development. The Stock Exchange purports to run itself in the interest of the public as well as its membership: lay membership of the council would re-inforce this impression. The Bank of England is formally accountable to Government. But in practice it does exert an independent, and increasingl. influence on many areas of financial life and would benefit from a greater spread of non-executive directors.

A second idea in the report is that of fiscal neutrality—to keep to a minimum biases in taxation which favour one form of saving over another. Such fiscal biases are at least partly responsible for the size of the investing institutions. These biases thus lie at the root of many of the problems to which the Wilson Committee addresses itself. These include the strain on the Stock Exchange's dealing system, difficulties in the marketing of Government securities and the lack of public accountability of pension funds.

Neutrality

The committee realises that complete fiscal neutrality is not a realistic or desirable goal. But it argues that unintended and unnecessary divergences from neutrality should be avoided and it comes up with a variety of suggestions as to how some could be corrected.

A third concept tackled in the report is that of variable rate finance to cope with high and fluctuating rates of inflation. The report demonstrates how uncertainty over future rates of inflation has helped make issues of long term industrial bonds impossible. So it suggests a limited, Government-financed rediscount facility for medium-term variable - rate bank loans.

More contentiously, the report also toys with the idea of index-linked bonds to raise finance at a constant real interest cost for industry and Government. Indexation has been used in countries with endemic inflation, and the committee argues that "we may have now to face up to the possibility that inflation may be with us for some time." It recommends that, as an experiment, companies should be allowed to issue index-linked bonds.

At a time when merchant banks are talking about a possible re-opening of the fixed rate corporate bond market, we feel that the experiment should be still more cautious. For the moment indexed bonds should be limited to larger issues of "Granny bonds" by the Government directly to the general public and not to institutions.

Legacy

It seems that a modern committee of enquiry must leave a legacy of more committees and more enquiries. The Wilson Committee wants a "joint review body" to keep "regulation of all parts of the financial system under regular review." This we can do without. The City has just enjoyed the most thorough airing in its history, and, under the surveilllance of the Government, the Bank of England, the Council for the Securities Industry and the media, has a plethora of proposals to get on with.

Leadership in Japan

A STRIKING feature of Japan in recent years has been the combination of political backbiting that has produced instability of leadership with the impressive continuity of economic and external policy. Prime Ministers have come and gone — generally in circumstances that have brought politics into further disrepute—and there have now been three general elections in five years. But there has also been a broad consensus in Japan on issues of economic management, energy, defence and foreign affairs that has been an important factor in Japan's continuingly strong economic performance.

Stability

Such a combination is by no means unique to Japan. Amongst the EEC nations Italy, France, Belgium and the Netherlands have all had periods of instability accompanied by surprisingly strong economic growth. The growth in Japan's case—and to some *extent in those of the four* European countries as well—has been due to the close working relationship between the bureaucracy and industry which has offset failures of political leadership.

Nonetheless the Liberal Democratic party's outright win in Sunday's election does hold out the possibility of a lengthier period of political stability. Whether or not this can be achieved will depend on whether the various factions within the party can resolve their squabbles.

The electorate would clearly like the divided party to draw together behind a new leader. The West also has an interest in seeing a strong Prime Minister established in Tokyo, for administrative continuity is no substitute for close personal relations between heads of Government.

The Liberal Democratic Party's moving from a position of holding less than half the seats in the Diet (Parliament) to having an overall majority is that it can command the committees of the House. This should mean that they will have no trouble in reviving and putting through Mr. Ohira's measure of raising a value-added type of tax to help cover the budget deficit, which accounts for a staggering 35 per cent of budget spending.

The unpopular proposal for such a tax was a major factor in the setback that Mr. Ohira suffered in last year's general election. An overall majority in the House should also mean that the new Government will be able to carry through plans to raise defence spending, on which Japan is being pressed by the U.S. but over which Mr. Ohira was dithering.

The main plank of Japan's security will continue to be the alliance with the U.S. But the Japanese have the same doubts as does Europe about the direction and strength of U.S. leadership.

In particular they have been worried by the U.S. handling of Iran and the Palestinian issue because of Japan's high dependence on oil imports from the Middle East. The Japanese feel more able to voice these doubts when they see Europe openly voicing its disagreements with the U.S.

Thus has developed what at first sight appears an increasing convergence of *political* interests between Japan and Europe. It is not one on which the Japanese feel that much can be built, because there is not much scope, for instance, for military co-operation. But it is still a relationship that the Japanese want to foster, because they are apprehensive that otherwise relations with Europe could degenerate into a sterile quarrel over trade. Whatever the ups and downs of the monthly figures, Japan sees its surplus with Europe growing because it produces more efficiently.

Friction

At a time of global recession and climbing unemployment, European Governments cannot be expected to acquiesce in a substantial loss of jobs caused by the sort of rapid rise in Japanese exports to Europe that is now occurring. In the first quarter of this year virtually all Japan's growth—still running at a high annual rate of about 6 per cent—came from the external sector. Japan's trade surplus with the EEC for the first five months rose by 49 per cent in dollar terms. The next Japanese Prime Minister will face continuing friction with Europe if Japan continues to contribute to Europe's uncertainties in this way.

The questions Americans are asking themselves

BY M. H. FISHER

"The problem: UK industry has lost its competitiveness in world markets, and business shares some of the blame for its decline.

"A solution: A new social contract may be needed, along with a national policy for industry and for stimulating investment and exports.

"Will it work? The lesson of other nations, particularly Japan and Germany, is that it will — if the UK can create a new consensus on goals."

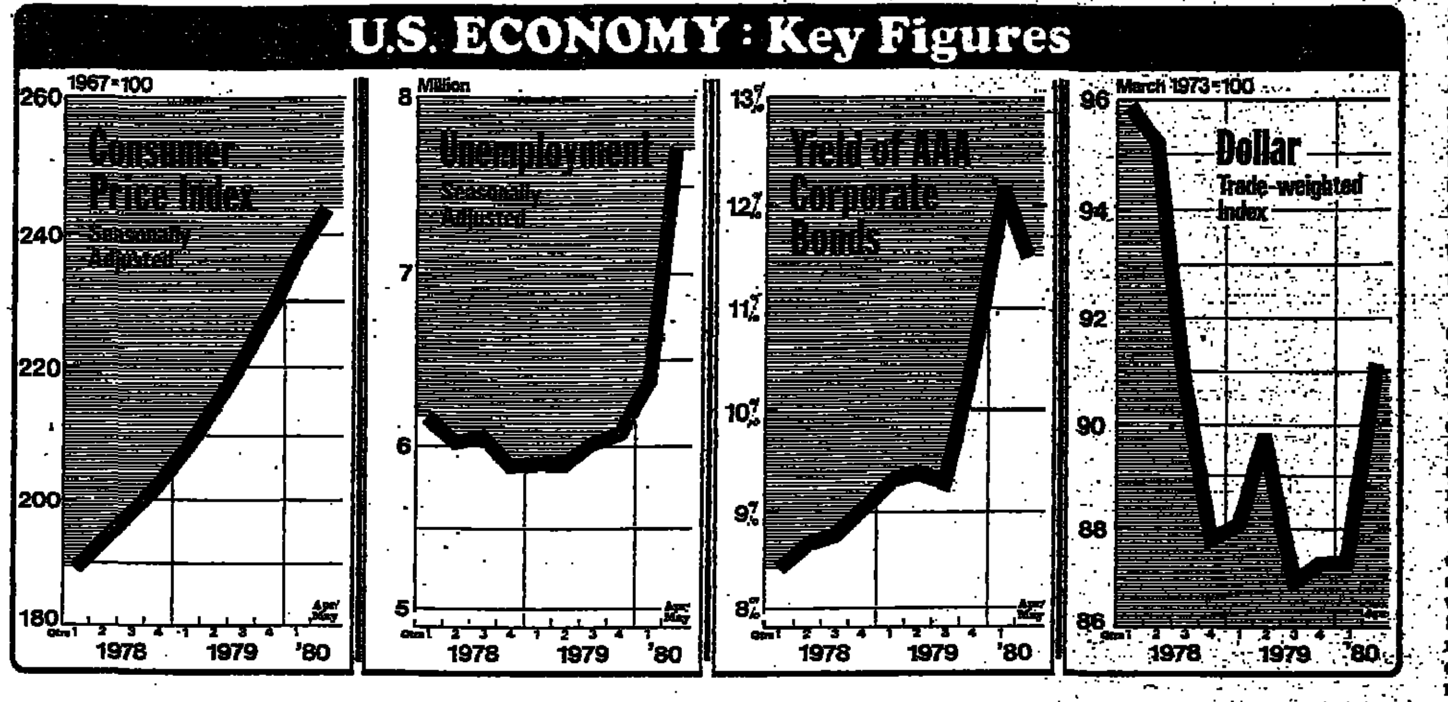
CONNOISEURS OF governmental exhortatory prose will, of course, have no difficulty in recognising the quote. Or will they? Was it in the National Plan? A summary of a speech by a Prime Minister? In fact, substitute "U.S." for "UK", insert the word "even" before "business" in the first paragraph and you have the "introduction to an 80-page section of the current issue of Business Week entitled: "The Reindustrialisation of America."

Take another extract from a speech made earlier this month. "We must not discourage, through governmental policies, the development of those industries which are most likely to be able to compete. Rather, through carefully crafted tax incentives, and through increased government funds for needed research and development, we must ensure that our most competitive industries are able to compete as they should—both here in the United States and in foreign markets as well."

What exactly did Ambassador Reubin Askew, the U.S. Trade Representative, mean by that? Is he, after the Chrysler rescue, advocating that IBM, Xerox, Boeing or Silicone Valley need help to remain world leaders in their respective fields? The regular visitor to the U.S. can only shake his head in amazement. If he comes from Britain he may have an awful sense of *deja vu*.

One has to be careful. I visited only Washington and New York. I did not go to the heavily depressed areas of the Middle West, Detroit in particular, nor to California, large parts of the South and other regions which have so far been barely touched by the recession whose severity has taken most people by surprise. One reason for the surprise has been that this has been the most heralded recession in the U.S. I remember sitting in February of *last* year in the office of a highly respected economic forecaster who demonstrated conclusively to me that the recession had already started. Eighteen months ago you would have been hard put to find anyone who believed that expansion could have lasted into the first quarter of this year. But it did. When the downturn came it was all the sharper.

With hindsight it is possible to argue that the credit restriction package brought in by the Federal Reserve in mid-March came at precisely the moment when the economy was already turning.



U.S. ECONOMY: Key Figures

It was a clear case of "overkill." What is interesting, however, is that majority opinion also inclines to the view that there was no alternative if inflationary expectations were to be broken. It reminds one of the story of the mule-driver who, five minutes before he was due to set out, hit his mule over the head with a big hunk of wood. "Why did you do that?" asked a bystander. "He ain't done nothing." "Oh, that was just to attract his attention," came the reply.

On the inflationary front, President Carter will be able to claim considerable success when the presidential campaign really gets under way this autumn. In the third quarter the consumer price index, which was showing a rise of around 18 per cent a year in the first quarter, will almost certainly be rising at an annual rate in single figures. But, unfortunately, this does not mean that the trade-off between unemployment and inflation has suddenly become much more favourable again nor that the Phillips curve retains its validity in the U.S.

The severity of a much heralded recession is surprising

Because of the way the mortgage rate is handled in the consumer price index and the abnormal rise in OPEC oil prices, the first quarter figures overstated the underlying rise in the index by a very considerable margin just as the third quarter figures will understate it. (Whether Mr. Reagan will be able to make anything of this perfectly valid but somewhat technical point in the campaign is something on which even his keenest admirers have their doubts.)

That he, in his turn, should be able to exploit the recession is obvious. In the second quarter gross national product fell at an annual rate of around 8 per cent. Housing and motor cars were the two disaster areas, hit respectively by high interest rates and Detroit's failure to produce the fuel-efficient cars which Americans decided they needed.

The consumer who had been gearing himself up to the eye-brows—the savings ratio had fallen to around 3½ per cent—realised that just possibly the credit card was not the way to an ever more prosperous future.

So far, at least, there is no disagreement among the analysts who are ceaselessly taking the pulse of the economy. They are at one in predicting that the third quarter will show a further decline in output, though at a less precipitous rate, and that the recovery when it comes will be sluggish. Most of them expect the economy to turn towards the end of the year or in the first quarter of 1981. But this forecast is not made with any great degree of confidence.

True, one can see some grounds for hope. Inventories as yet are not particularly high. Housing starts are almost as low as they were in the trough of the very serious 1974-75 recession and the big decline in interest rates should help. The market for American cars cannot, surely, get any worse and there are new models in the pipeline—notably from Chrysler this autumn and General Motors shortly thereafter—which should provide much stiffer competition for imports.

Defence spending is certain to rise, and whatever Congress may say now about a balanced budget, an even more conservative Congress after the next election will find itself faced with a massive budget deficit for 1981, even without a probable tax cut.

Capital spending by industry is thought to be holding up. But among the industrialists I talked to, the top man of one very large company said that plans were being cut by between 5 and 10 per cent in money terms. And one hears the comment: "Our plans are being maintained, but Jack, down the road, is cutting back."

There are at least three great unknowns in the equation and while some forecasters are willing to make a guess—that, after all, is their business—very few are prepared to do so with great confidence. The first of these is what the consumer will do. The current rate of savings is estimated at somewhere around 4½ per cent. It is on this estimate that the expectation of a turnaround at the year-end is based. But no one knows how bad a shock the consumer has suffered. Will he really start spending again while the economy is still in decline, while unemployment is rising or will he try to rebuild his financial assets?

Second, there is the question of what interest rates will do. They have come down from unprecedented heights at an unprecedented rate. Loan demand appears to have dried up overnight. Money supply growth is way below the bottom end of the Fed's set range. But at least one Governor of the Federal Reserve opposed the last two discount-rate cuts because he was afraid that the very steepness of the fall would produce a very fast snap back as soon as there was any sign of the economy turning up.

One prominent New York banker sees the prime around 9 to 9½ per cent by the end of the year. There are those who see rates declining faster (because the recession will be more severe?) and others who believe that rates are not that far off the bottom. There is, however, one straw in the wind which gives pause for thought. In May and June American corporations will have raised no less than $13bn in the bond market. Some of that represents the pent-up demand of the earlier months of the year. But clearly there are many corporate treasurers who believe in getting their money while the going is good.

Finally, the more philosophically inclined are asking themselves how deep are the scars which the roller-coaster ride in interest rates has left. Now that the Fed has said that it will control the monetary base and allow interest rates to be the variable and have made their point with a vengeance, how will industry react? As one very prominent member of the Administration put it: "What happens when the risk is transferred from the specialised (financial) risk-taking institutions to the customer?" What indeed?

Feeling, for all these reasons, the ground shifting beneath them, Americans naturally tend to ask themselves, as we have been doing for years and Business Week does this week, what is wrong with their society. Why in the most advanced economy in the world has the growth of productivity trend, which fluctuated around some 2½ per cent, moved to zero? Why is it that very few people expect that when the economy does turn we will see the upsurge in productivity which has always been the hallmark of any early recovery phase?

Is the welfare state changing U.S. attitudes to work?

Some of course are very certain of the answers to the problem. They cite the legislation governing minimum wages, equal opportunities, environmental protection and Federal regulations in any number of fields. By themselves none of these may amount to that much. Taken together, they build rigidities into the system. But is it politically conceivable that one can see much change in these areas? And in the absence of such change is it really possible that talk about the re-industrialisation of the U.S. or an industrial policy (the phrase does not yet mean the same as over here) will point the way to answers? The Briton is bound to be sceptical. We have heard all this too often.

Linked to the question of productivity is the persistence of an underlying inflation rate around the 10 per cent mark. Whatever the gyrations of the consumer price index this was the rate more or less in the first quarter of 1980 and that is the rate expected for the final quarter in the trough of a recession.

The main element in it, rising energy costs apart, is the inexorable rise in unit labour costs, which brings one straight back to productivity. Has the very nature of American society changed? Is the welfare state now producing the same attitudes in the U.S. as Americans believe it has produced in Britain? In the 20 years that I have been visiting the U.S. I have never known the mood as self-questioning and uncertain as now. When you can get someone on Wall Street seriously doubting whether the trade-off between stern financial policies and inflation has become too unfavourable, and when he then goes on to ask "whether we had not better learn to live with inflation," you are brought up with a jolt.

Other factors inevitably heighten the uncertainty. The international situation is one, the realisation that the Ayatollah can defy the U.S. and that detente did not prevent Russian aggression. The choice facing American electors is in the view of the great majority of them, hardly a happy one, and that does not help.

For the world as a whole it is a dangerous prospect. The rest of us cannot prosper if the American economy faces serious difficulties, all the more so since the threat of protectionism is a real one. President Carter—this is often overlooked—has fought successfully to contain protectionist forces. But when a Ford car worker turns up, on the day that his plant closes forever, wearing a T-shirt inscribed "Buy Foreign Peanuts," one realises that the pressures are beginning to manifest themselves at grass-root level.

If I were forced to bet, I would put my money on the U.S. coming out of the recession in the first quarter of next year, but without much growth after a brief initial spurt. I do believe that the economy is fundamentally sound, and that free enterprise and a liberal attitude towards the outside world will survive longer in the U.S. than anywhere else in the world. As I was leaving an office building in Washington one Administration official said to me: "If anyone tells you anything different from me, he is wrong." I would still say the same. But one wishes one could say it with the *total* confidence of 10 years ago.

MEN AND MATTERS

Go West, young fliers

If cowboys and the dreadful J.R. leave you cold, the attractions of Dallas as a holiday centre may be somewhat limited. There is, however, a new project, launched yesterday, which may appeal to venturesome British trippers in need of a lift—in this case to somewhere around 15,000 ft up in the air.

Home-grown travel entrepreneurs John Sutcliffe and David Miller, who last year won £100,000 of backing from rubber group Yule Catto (currently embroiled in a messy bid for Revertex) are offering high-altitude holidays above the *plains of Texas*.

The partners, who with Catto's aid took over the Curzon Travel Agency in Pinner, just outside London, have linked Braniff Airways to offer a three-week stay in Dallas and Fort Worth that includes an intensive flying training course leading to a fully approved private pilot's licence.

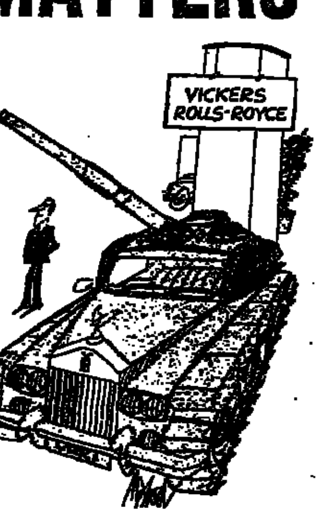
For a mere £1,400, they tell me, any UK citizen over the age of 18 can step onto a Braniff "Big Orange" at Gatwick and proceed to Dallas for a gruelling six-hours-a-day regime in flying school.

At the end of the "holiday" the student will have completed the minimum 35 hours of flying time required by the U.S. Federal Aviation Administration and Britain's counterpart, the Civil Aviation Authority. The prize for the dedicated is a licence valid in the UK, which can be converted into a British flying ticket by sitting a short paper on aviation law.

Sutcliffe, a 32-year-old former accountant from Peat Marwick and Mitchell, tells me he plans to take the course himself this summer, boasting that the approved school has a "zero failure rate."

Apart from rodeos and other western jollities which more durable students can enjoy in their spare time, the duo promise "fabulous weather." One of the main reasons, they say, why it takes so long to learn to fly in Britain is that it rains too much. "The weather here is so shoddy that many people just give up after a while," explains Miller, who hopes to transport about 200 pupils a year, thus capturing some 10 per cent of British flying schools' potential customers.

For its part, Braniff is investing £4,000 in promotion and provides Apex fares for the package: a canny investment. I would have thought, considering that every passenger taking the trip may one day pilot one of its aircraft.



Ashen earnings

In keeping with the jokey journalistic tradition which gives us headlines like "World ends, gilts unaffected," I am happy to report that the recent disastrous eruption of Mount St. Helens is playing havoc with the price of volcanic ash. Long-established companies like the Axtell Mining Corporation of Oklahoma, which have been supplying ash for 20-odd years for use in industrial cleaning, plastic button polishing and the denture cleanser trade, have been upstaged by a new breed of commercial venturers.

The dust had hardly settled on the May 18 eruption when the first of the entrepreneurs moved in. Two brothers from Pennsylvania, for example, have deserted their scrap metal business and are now busy bottling an 18-ton consignment of fall-out for the souvenir trade at $5 a vial. They aim for a gross killing of some $3m.

Closer to the action, one Joe James who runs Ye Olde Curiosity Shoppe in Seattle, claims lower transport costs enable him to sell his bottled mementoes for a bargain $2.25 for 55 grams.

Video rally

Tennis-fan Eurobond watchers will be pleased to near that once again this year they will be able to keep up with happenings at Wimbledon without deserting their Reuter video display units for telephone or radio. Courtesy of Merrill Lynch, the U.S. stockbroker, Eurobond movements will again be intermingled with up-to-the-minute details of the doings of Borg and company.

Says the man behind the transmissions, managing director Joe Galazka: "We thought it would be great fun, and it was an interesting way to see how effective the screen is." Last year, he tells me, many brokers and bankers rang him up to congratulate him on his unique business-with-pleasure service.

Late payers

"Better late than never" seems to be the feeling over in the Netherlands. My Dutch friends have brought to London news of a rare act of warmth and sensitivity on the part of a national government. Yesterday a group of Dutch legislators in the Hague secured the approval of the Cabinet for payment of compensation to 50,000 soldiers and civilians interned by the Japanese in the Dutch East Indies during the war. The "debt of honour" was settled just 35 years after the first claims rolled in. Former prisoners will now be eligible to receive Fls 7,500 (£1,666) each.

Dutch Vice-Premier Hans Wiegel is said to have waxed sentimental as he told Parliament that although the Government had no legal obligation, it was time to "heal a generation-old wound."

The former soldiers include a number of Moluccans who stayed loyal to the Dutch and fled to Holland after the former colony won its independence as Indonesia in 1950. The veterans have demonstrated amazing *patience and persistence* these past three and a half decades—a small band stood silently one day a week outside Parliament with a sign saying: "Robbed of Three Years' Pay."

Power seeker

The head-hunting firm which in 1976 brought the late Sir John Methven into the politico-commercial limelight at the Confederation of British Industry, has been reappointed to find his successor.

Kit Power, managing director of Spencer Stuart Management Consultants, tells me that in a broadly-based search he is seeking nominations as well as straight applications for the post of director-general. "It is the sort of job which requires qualities which some highly-qualified people might not recognise in themselves," he explains.

While his firm will probably take commission of around a third of the appointee's salary (up to £50,000 a year, I hear) a successful nominator is expected to play his part in the hunt for nothing more than "the pleasure of seeing his nominee appointed to this most prestigious post."

Observer

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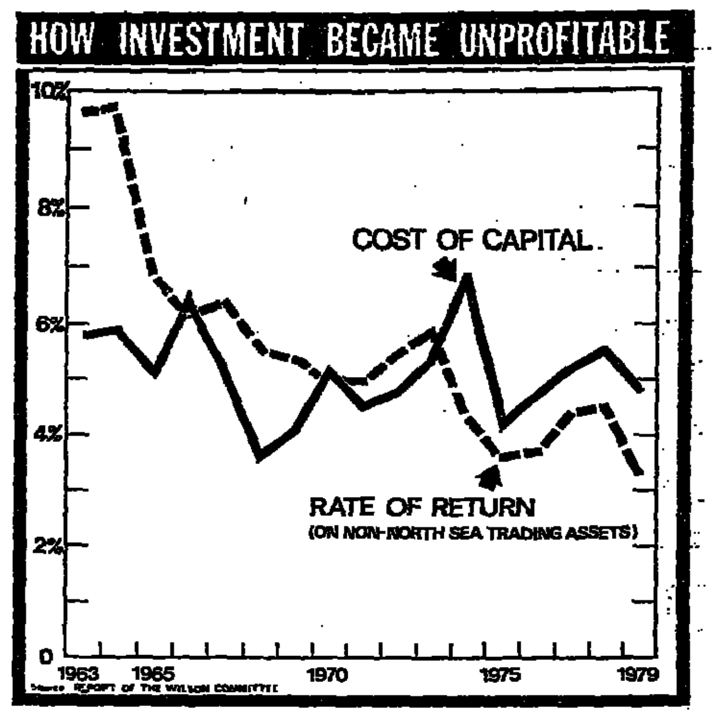
ECONOMIC VIEWPOINT ON THE WILSON REPORT

Inflation and investment

HOW INVESTMENT BECAME UNPROFITABLE



"None of us would wish to advise companies to issue index-linked loans against their better judgment. But we are unanimously agreed that it is desirable that neither tax arrangements nor informal pressures should discourage them from utilising what could be an important financial facility, and one which could in principle do more than any other to remedy the current shortage of long-term borrowing possibilities for industry in the capital market."

THE PRESENT British Government would make a great mistake if it ignored the Wilson Report because it was chaired by one former Labour Prime Minister and was set up by another partly to escape a *Labour Conference demand for* the nationalisation of financial institutions.

The Report disposes of this last demand quite quickly: and the greater part of the text is devoted to an analysis of the financial institutions, not merely for their own sake, but *in relation to the performance* of the British economy. As such it takes its place with the Macmillan Report of 1931 and the Radcliffe Report of 1959.

It is uneven in style and quality. But the discussion of the impact of inflation on investment and borrowing decisions is the best *I have* seen anywhere, and more than outweighs the misleading examination essay-type Chapter 11 on problems of high theory.

It is also a merit and not a drawback that the Report, while remaining one document, does not repeat the Radcliffe mistake *of* pretending to be unanimous, *but* candidly lists differences of view whenever they occur.

Predictably the Report highlights the dominating position of pension funds, insurance *companies* and building societies. It hesitates to recommend the *abolition* of the special incentives which push new savings disproportionately into these channels. But it does propose to reform the worst *distortions.*

Like its predecessors, the Committee rejects the view that *investment in the UK has* been held up by a "gap" in financial facilities, although it does identify some problem areas, for instance in relation to small *businesses.*

The main constraint on investment is the lack of sufficient projects profitable enough to cover the cost of finance. "The *perceived real cost of capital is* now almost certainly higher than the average real profitability of industrial and commercial companies.

Several *responses to this are* possible. One can say that the problem is just one aspect of the deep-seated poor performance of the British economy which the Chairman himself was unable to mend in his previous *incarnation* as Prime Minister.

One can also ask whether *anything can be done to reduce* the perceived cost of finance and increase perceived profitability, short of a revolution in British industrial attitudes and behaviour. For there is one factor at work to some degree separate *from the ordinary British sickness*: that is "high and fluctuat*ing rates of inflation.*" It would be difficult for anyone to read the Report in good faith and continue to believe that the inflation rates of the last decades have been *anything but* harmful both to investment and employment.

When inflation is high both borrowers and lenders feel hard done by. For instance, occupational pensions do not usually give protection against inflation which occurs after retirement.

Discretionary increases compensate on average for only 60 per cent of the rise in prices. An individual investor in *Government stock would have* had a real return of minus 4.5 per cent in the 1970s and, in equities, *one of minus* 2.1 *per* cent. And that is before tax, *which reduces the real return* still further.

It might then look as if the borrower does very well. After all, lending rates are well below *the rate of inflation.* But there are two reasons why the indus*trial borrower does not see it* in this way (apart from misconceptions, bad temper and the desire for subsidy).

The first is that a high *nominal rate is a drain on cash* flow. When the nominal interest rate is 15 or 16 per cent in real terms the "debt is being repaid from the very first year." The *borrower is providing in effect* for a large sinking fund "at its heaviest at the very beginning of the debt." He has to provide the interest, including the *capital repayment* element, from the profits of his existing business.

The position of the home borrower is in many respects *similar. If he is a standard rate* taxpayer, the nominal post-tax cost of a mortgage is about 10½ per cent and his real cost is minus 10 per cent. But total *disbursements as a proportion* of his income can still be very high in the early year.

Secondly, there is uncertainty about the future rate of infla*tion. A fixed interest business* borrower would have to guess future inflation rates and their *effect (a) on the true cost of* interest; (b) on floating charges *such as* overdrafts: and (c) on the real value of the debt on repayment. This is hardly easy when inflation has varied from 6 to 24 per cent in the last decade, and *it is not surprising* that the debenture market has dried up.

The Wilson Report suggests different possible mitigations. The first is a new institution to insert Government funds into industry. Different versions of this are offered by different minorities of the committee. It *is clear that the full blown TUC* version would work only if it became a general subsidy to investment. But it is difficult to see what would be gained by *having a body to discriminate* between businesses in arbitrary and potentially unfair ways rather than by granting across the board interest rate *subsidies.*

The second idea, which is free from the more obvious subsidy element, is a refinancing facility. Institutional investors prefer to lend long at fixed *rates — which borrowers dislike* for the reasons discussed. The Government would therefore issue additional gilts and employ the funds raised to redis*count medium term bank loans* at variable interest rates which banks might *otherwise hesitate* to make.

The facility would have to be handled with great care and phased in with a reduction of other sorts of Government borrowing if it were not to be inflationary. Even then, some companies might still not care *to finance risky projects with* medium-term bank loans—even if such loans were more readily available.

This leads one to the third and most important proposal: experimentation with indexed *linked bonds. These would be* bonds whose par value would be *increased* at redemption in relation to an index of prices, earnings or the borrower's own costs. The interest payment could itself be *optionally indexed* as well.

Such bonds would help to meet *the desires of lenders* and the need of borrowers without government intervention. Pension funds would be able to meet liabilities linked to end-*career earnings and further*more link pensions with subsequent inflation without calling on employers for additional funds. Borrowers would be able to obtain long term finance with a real cost known in *advance—probably 2 to 3 per* cent or less—and without the very heavy degree of front loading involved in the present high coupon non-indexed loans.

The Committee attributes industry's lack of enthusiasm for indexed bonds partly to a misunderstanding of a device so little used in the UK, but also to the tax laws under which the indexed principal would *have to be repaid out of after* tax earnings. This anti-indexation bias would disappear if taxes on incomes, profits and capital gains were adjusted for *inflation.*

Pending tax reform, the Committee suggests restricted issues of index-linked gilts for pension funds, which are tax exempt and "*whose appetite for and need of*" such securi*ties is greatest.*

The Report is at its most devastating in its treatment of the spurious arguments against indexed securities. It is rightly scornful of the argument that indexation is an implied admission of failure to stop inflation. On the contrary, *Governments* "which expected to escape from their obligations through inflation would be the last to issue index-linked liabilities," because they would benefit from faster than expected inflation.

New forms of government securities and new methods of issuing them are an extremely live issue in Whitehall. The people whom I have called *economic Thatcherites are pre*pared to consider indexation on merit, *while the purely politi*cal Thatcherites dismiss the idea as *immoral* and abhorrent. The argument within the Thatcherite camp on this as on *other subjects are far more* interesting than the stale, weary and unprofitable disputes between "wets" and "nonwets" trotted out by so many political writers.

The political Thatcherites have confused counsel by using the misleading "deindexation" to describe a long overdue *reduction in the growth of* public sector wages.

But in any case the issue of indexed wages, which usually involves agreements for no *more than one year, is not* at all closely connected with capital market indexation for securities of more than ten years' maturity.

*Would the availability of in*dexed securities lower the prices and increase the yields on the *non-indexed* type? If it did, it would be because "unanticipated real losses" *are im*posed by inflation on lenders. The desirability of negative real interest rates being brought about by this kind of cheating *is as the Committee states,* "questionable." The choice facing the borrower, whether industry or the Government, is between the present method of borrowing at a real cost which *is unknown—and potentially in*jurious to either side—and indexed-linked borrowing on known terms.

The Wilson Committee *stresses* that the present yield on gilt-edged contains not only an *inflation* premium, but a risk premium for insurance against the uncertainty of future inflation. *If* indexed securities eliminated that risk the true real cost *of borrowing would come down.* This is more important than the cosmetic effect of a reduction in the PSBR of £1bn. The latter would occur if half of the £29bn of gilts with coupons of more than 10 per cent and *maturities of more than* 10 years were transformed by a conversion offer into indexed bonds with a real return of less than 3 per cent.

The Committee goes into some detail on the benefits of indexation for the home borrower. A 20-year mortgage with regular repayments would en*tail an initial servicing commit*ment of 10 per cent of the sum borrowed even if the real interest rate were 5 per cent. If present tax concessions were *transformed into a direct credit* along the lines of the option mortgage the cost might be little more than 5½ per cent.

The Wilson Report stresses that pension funds would find *index-linked loans to the Build*ing Societies, which could be used for indexed mortgages, "attractive assets." Some members of the committee are clearly very attracted to homeloan indexation as a way of boosting the now-depressed construction industry—whose expansion also led the way to recovery in the 1930s.

Half the Wilson Committee *were in favour of experimenting* with indexed linked gilts and indexed linked mortgages. The latter would encourage first time borrowers—and I would add also reduce the political hangup over mortgage rates which inhibits monetary policy and makes so-called free market ministers reluctant to see real competition among financial institutions.

The Committee is notably unanimous, however, in agreeing that companies should no longer be discouraged from borrowing on indexed terms—*either by outdated* tax laws or by official intervention of the kind applied to a major public company in the mid 1970s.

Samuel Brittan

Letters to the Editor

Technically in default

From Mr. A. Gray

Sir,—*Surely* there is now no lower depth to plumb? In the City whose pride is its motto "*my word is my bond*" not a cautious word is heard against the prevailing money madness.

The British Government is now technically in default since its entire net interest payments are being borrowed, and not a cry of "scandal" is heard.

Adrian Gray,
31, Russell Road,
Wimbledon, SW19.

Placing money with councils

From Mr. R. Hatfield

Sir,—*Mr.* A. F. Twist *(June* 19) clouds and confuses Mr. Victor Robson's simple proposition to discipline certain local authorities.

Local authorities do not have a level and regular income. It is therefore necessary to borrow short term from *time to* time in order to pay wages and contractors.

Certain local authorities not withstanding Government recommendations to the contrary continue to overspend thereby further fuelling inflation, the *expenditure for the* year to exceed even the recent heavy rate increase requiring long term borrowing thus maintaining an exceptionally high minimum lending rate or still further rate increases.

These local authorities must be *forced* to *realise* that *over*spending must cease and waste be eliminated as rate payers are financially unable to meet ever increasing rates.

Inflation is a serious threat to our economic future and it it not being political to support *a Government pledged to reduc*ing the level of inflation: on the other hand it is commercially sensible if institutions and investors boycott lending, be it *short or long term, to over*spending local authorities. It is not difficult to foresee an inability to repay loans on the due dates with borrowed monies *being frozen hopefully* only until a rescue operation has been mounted.

Spendthrift local authorities and in particular Manchester are destined to become another New York with all the consequential misery and anxieties.

R. A. Hatfield,
1, Sandy Beach Estate,
Hayling Island.

Travel in London

From the Director, Transport 2000

Sir,—London Transport's problems are, of course, compounded of many failings. But Anatole Kaletsky in his *article* "Why fares are so high on London Transport" (June 23) cer*tainly isolated the key problem* —that LT has to cover far more of its costs from revenue than any similar undertaking. Even poor productivity is in part accounted for by this lack of support, as without sufficient capital to invest in mechanisa*tion the scope for improved pro*ductvity is limited.

The fixation about good value for money is at the root of much of the concern about public transport. Mr. Kenneth Clarke, *the Parliamentary Secretary at* the Department of Transport, for example, has referred to this when talking about the level of revenue support for bus services. *The same is true about* the Transport and Road Research Laboratory report your article referred to. Yet this betrays a lack of understanding *about the purpose of public* transport subsidy.

Your article rightly points out that more subsidy gets more bus travellers, particularly at peak periods, which means better services *and less congestion.* But this greater patronage also leads to poorer productivity, in conventional measures, as more buses and drivers are needed to *cater only for these peak loads.* Overall, of course, efficiency is vastly increased as *more people* are moved in total with less expenditure, again in total, and with less in the way of roads and other infrastructure needed.

What is required now is not mutual recriminations about whose fault it is that London *Transport loses money. but* a clearer understanding of how money is spent in catering, overall, for travel into and around London.

Nick Lester.
Transport 2000,
40, James Street, W1.

Buy transport services

From Mr. D. Sibley,

Sir,—Anatole Kaletsky in his feature on London Transport *(June 23) pinpoints a major* obstacle to the improvement of public transport in Britain. Like so many major obstacles, it is an attitude of mind—the view of public transport "as a social service for the benefit of people without cars."

Ever since the private car became widespread, we have *thought of the* local train and (especially) the bus as cheap and nasty transport *for the* lower classes. This attitude is not conducive to high standards. But in the days when only the very grandest kept carriages, *public transport had to be good* enough for everyone. We need to get back to that approach. We might be well advised to restore first class carriages on the *Underground;* Paris still has them.

Equally, we need to break the subsidy mentality which weakens the transport operator's *incentive to carry* more passengers. City councils should not *subsidise buses and trains. They* should buy transport services. Greater London Council *should* agree to pay LT a given revenue per passenger mile; then *the more passengers LT carried,* the more revenue they would get from the council.

Add a large profit-sharing element in all LT wages and salaries, and we would see very different standards of service. With a suitable basis of payment, *this arrangement* need not cost the GLC more than the present subsidies, especially since LT could pay dividends to the council out of any surplus profits.

D. E. A. Sibley,
Rowe Rudd and Co.
63 London Wall, EC2.

Swings and roundabouts

From the Secretary,
Association of Circus
Proprietors of Great Britain

Sir,—The letter from Miss Heaton (June 10) deserves *comment from this association.*

The failure of the Gerry Cottle Circus is by no means due to lack of support from the public but from high overheads *facing travelling circuses.* in particular the cost of diesel fuel and punitive effect of 15 per cent VAT on the live entertainment industry. It is because circus animals *are so meticu*lously cared for that their upkeep is so high.

The circus business, in general, continues to prosper and as an *illustration one of* the major touring circuses is this year, for the first time, promoting two distinct touring circuses. Experience shows that such support as Miss Heaton is able to muster only serves to further publicise the unique family entertainment which a circus offers. As to Circus Hasani, *the so-called* circus without live animals, I find this little more than a gimmick to alleviate the cost of maintaining animals.

Malcolm Clay.
Association of Circus
Proprietors of Great Britain,
24, Denmark Street, WC2.

Inflation accounting

From Professor D. Myddelton

Sir,—*You say* (June 19) that management has never shown much enthusiasm *for inflation* accounting. But what management has shown little enthusiasm for is ill-informed and politically - motivated *Government interference. About* two thirds of company respondents to a Sandilands questionnaire thought that constant purchasing power adjustments *would be useful in financial* management of their business, and a similar majority *preferred* CPP accounting to any alternative method.

As soon as the accountancy bodies correctly decided that constant purchasing power accounting was necessary to adjust accounts for inflation, *the Government* interfered by appointing a committee (mainly of non-accountants) which quickly and unanimously came to the wrong conclusion. As SSAP 16 openly admits, "current cost accounting is *not a system of accounting for* general inflation." Sandilands was completely wrong to say that "current cost accounting is a fully comprehensive method of *accounting for inflation*"; and practically everyone who understands the subject knows it.

It is tragic that the leaders of the *accountancy profession* did not have the courage to hold to their views, but misguidedly *caved in to political pressure.* In contrast, the members of the English Institute have said they do not wish any system of current cost accounting to be made compulsory. So company *managements are not alone in* spurning CCA.

Now the Bank of England has the gall to criticise company managements for not adopting the Government - sponsored method of accounting. The Bank of England, which bear responsibility for a currency that has lost more than 80 per cent of its purchasing power in the last 20 years, should concentrate on its main task. It should stop *the inflation. Then there would* be no need for inflation accounting. Admittedly the mere absence of inflation would not affect the arguments for and *against CCA, since CCA has* nothing whatever to do with inflation accounting.

(Professor) D. R. Myddelton,
Cranfield School of
Management.
Cranfield, Bedford.

Purchasing power

From Mr. D. Allen

Sir,—*Your leader of June 19* makes the valid point that an inflation accounting system aims to separate the real from the illusory element in profits. How unfortunate that the rest of your comments fall into the trap of assuming that current cost accounting is such a system —despite a specific acknowledgement *in SSAP16 that it is* no such thing.

CCA is all to do with specific *price changes,* and is demonstrably misleading as a basis for decision-making and resource allocation: the more stock a company is smart enough to *acquire just ahead of a price* increase, for example, the *lower will be its adjusted profit.*

Despite numerous efforts, it has proved impossible to find a single example of a decision being better for using current *costs, as distinct from historical* costs properly presented.

Little wonder, then, that industry is ignoring the techniques, and that on the only occasion it was put to the vote, the accounting profession rejected "*any form*" of CCA. Far from launching inflation accounting, the Sandilands report had the effect of sidetracking the genuine version *introduced in 1973 under the* title current purchasing power.

D. Allen.
15, Alderbrook Road,
Solihull,
West Midlands.

Europe and the Middle East

From the Archdeacon of Oxford

Sir,—Having followed your references to the EEC's recent statement on the Middle East, I must agree with the criticism *of Mr. Metliss (June 21).* I could have wished that the Community had refrained from intervening at this juncture. Its statement achieved nothing except the united condemnation of both the present Israeli Government and the Palestine Liberation Organisation.

You do not seem to appreciate fully the difference between "the Palestinians" and "the PLO." And here lies the serious mis-judgment of the EEC attitude. Until the PLO *renounces once and for all its* covenant commitment to destroy the state of Israel, it is highly improper to suggest that it should be "a negotiating partner" in discussions hopefully leading to a just and lasting peace between Palestinians and Israelis. This would *not meet with the approval of* all the Arab states, nor indeed with all the Palestinians. It is impertinent to take any action that might undermine what you call "*the stalled Camp David* negotiations." President Sadat and Prime Minister Begin have agreed to the reactivation of these under American auspices, *and there is hope that the more* moderate Arab states may participate in due course.

These negotiations are so delicate that it is unthinkable *that any premature interfer*ence by the EEC, "for political or any other reasons," should prejudice the desired result, the peace of the Holy Land and *of the Middle East as a whole.*

(Venerable) C. Witton-Davies.
Archdeacon's Lodgings,
Christ Church,
Oxford.

Vehicle defects

From the Director,
Society of Motor Manufacturers and Traders

Sir,—The motoring public *could be forgiven for believing* that the motor industry cared little when dealing with vehicles with potential safety defects. It was encouraging therefore that *the Department of Transport* issued figures on June 17 indicating the success of the British voluntary code and, indeed, pledged its support for continued assistance.

Examination of these figures *revealed that the British self*regulatory approach appeared to be working more effectively than systems adopted in other countries where harsh legislative constraints have been imposed. But only by comply*ing fully to the instructions on* a safety notice will owners be assured that any potential safety defect with their vehicle will be identified and remedied as *rapidly as is possible.* It cannot be stressed too highly that *without the public's assistance* this code cannot succeed.

It was particularly heartening, therefore, that after a peiod of close constructive co-opera*tion with the* Department of Transport, that Mr. Norman Fowler, the *Minister, speaking* at a conference at the Institute of Mechanical Engineers, pledged his continuing support for the voluntary self-regulatory *approach. During a short pre*sentation Mr. Fowler made eference to the responsibility of the vehicle producer in establishing if defects exist and what action should be taken. It must not, however, be forgotten that the *consumer* has his part to play and only by complying fully with the warning *issued by the* manufacturer will the consumer derive maximum benefit from his vehicle.

The code is made up of three basic constituents—the role of the manufacturer, the role of Government, and the role of the consumer—and it is only by all parties working together that the objective of the code, improved safety, will be successfully achieved.

Anthony Fraser.
Forbes House,
Halkin Street, SW1.

Today's Events

GENERAL

UK: Glasgow Central by-elec*tion.*

Overseas: President Carter in Lisbon for talks with Prime Minister Francisco Sa Carneiro and President, General Antonio Ramalho Eanes.

European Parliament begins two-day special budget session, Luxembourg.

PARLIAMENTARY BUSINESS

House of Commons: Supply day on the Army. Motion on Army, Air Force and Naval Discipline Acts (Continuation) Order. Motion on financial Assistance (Offshore Supplies Grants) Scheme and Petroleum (Production) (Amendment) Regulation.

House of Lords: Sea Fish Industry Bill, third reading. Housing Bill, committee. Pier and Harbour Order (Brighton West Pier) Confirmation Bill, second reading.

Select Committees: Employment. Subject: Work of Department of Employment group. Witnesses: Training services division of Manpower Services Commission (Room 16, 4.30 pm). **Home Affairs.** Race relations and immigration sub-committee. Subject: Racial disadvantage. Witnesses: Department of Education *(Room 15, 4.30 pm).*

OFFICIAL STATISTICS

Energy Trends publication. First quarter revised figures for manufacturers' and distributors' stocks and capital expenditure by the manufacturing, distributive and service industries.

Company meetings Page 24

UK and French building divisions boost BPB

ARISING mainly from an increase in the UK and French building materials companies, taxable profits of **BPB Industries** have expanded to a record £47.1m for the March 31, 1980 year, compared with £35.4m, on turnover up by £43.8m to £341.5m.

A £3.5m rise to £21.29m in profits was reported at halfway.

The full-year's figure included associates' £2.93m (£2.47m) and was struck after a £2.59m (£2.72m) interest charge. Tax took £12.66m against £10.08m.

Earnings per 50p share are given as 37.6p, compared with 28.5p, and the dividend is effectively increased to 9p (6.6p) net with a final of 5p.

Capital expenditure amounted to £38m in 1979-80, and directors say a high level of spending will continue in the current year.

A five-year programme for rationalisation and modernisation of British Gypsum's plasterboard manufacturing capacity has been approved, at an estimated cost of £34m.

● **comment**

After the first half, when pre-tax profits at **BPB** rose by a fifth, the second six months has seen profits jump 51½ per cent. In the UK volume on the building products side has been static, although regular price rises have allowed an improvement in margins and customers have continued to move up-market to higher added-value products. In France, where profits nearly doubled over the year to £7.4m, there has been a rapid restoration of margins after price decontrol. In the second half trading margins have moved up to 15.3 per cent, compared with 3.4 per cent in the first half of 1978-79, a level which is slightly above the average for the group as a whole. In spite of the prospective downturn in house building in the current year, demand should not be dramatically affected and pre-tax profits should emerge healthily above £50m (against £47.1m). Meanwhile the level of net debt has fallen from 19 to 17 per cent of capital employed. The shares rose 9p yesterday to an all-time high of 213p, producing a yield of 6 per cent and p/e of below 9, fully taxed and fully diluted.

HIGHLIGHTS

Lex looks at the Wilson Committee report and ponders the relevant role for the supervisory authorities, given that the Committee wants to boost their powers while broadly maintaining the balance between statutory and non-statutory control of the securities industry. The column also looks at the surprise get-together of two of the best known names in British industry, **Vickers and Rolls-Royce Motors.** Vickers is making an agreed equity offer. **Trust House Forte's** interim profits were disappointingly flat but **Finance for Industry** has boosted profits and is paying its first real dividend. Elsewhere, the **Chubb** share price is looking for a bid after a hefty loss at Chubb Cash and a marked overall downturn. **BPB,** by contrast, has followed the trend established by other building products manufacturers recently and announced bumper profits. **Powell Duffryn** also performed well and **B. Elliott** proved the point that returns in overseas engineering and UK merchanting are far higher than domestic manufacture. **Yule Catto** has made a bid worth £7m for **Revertex** and has been promptly rebuffed.

Finance for Industry improves by 13% to record £28.8m

AN IMPROVEMENT of some 13 per cent in pre-tax profits from £25.4m to a record £28.8m is announced by **Finance for Industry** for the year ended March 31, 1980, after charging interest on borrowings of £80.31m against £61.6m.

With new investment for the year at a record £278m against £243m, and commitments at the year-end, FFI has provided more than £1.25bn to British industry since the group's formation in 1973.

Of the total new investment, £105m was loan and equity investments by Industrial and Commercial Finance Corporation, an increase of more than 50 per cent on the £68m gross investment for 1979. A further £84m (£68m) was provided by leasing and industrial hire purchase to enable small businesses to acquire new plant and equipment.

Finance Corporation for Industry advanced £45m and Finance for Shipping had another good year, investing £30m in new ships and loans to shipowners. Other forms of investment totalled £14m.

Over the year, ICFC was involved in what Lord Caldecote, chairman, saw as the "welcome resurgence of entrepreneurial activity" in the UK.

Some 309 new businesses or start-up propositions were given backing, against 112 the previous year, and 49 management teams were helped to buy control of their business, against some 20 the previous year.

Average investment over the year was around £112,000, an increase of £14,000.

Although applications so far are encouraging, Lord Caldecote says interest rates are holding back demand but he expects an improvement when rates eventually fall.

Tax charge on group profit is £12.76m (£10.52m) with stated earnings per share at 15.6p against 14.3p. A final dividend of 3p makes a total of 5p compared with last year's single 2p final, absorbing £5m (£200,000). The group's capital is privately held by a consortium of major banks.

Profits on a CCA basis are reduced to £21.96m after adjustments for additional depreciation, £522,000 and monetary adjustment of £6.33m.

The chairman says FFI again started the year with substantial funds in hand and most of the funding requirement had been met by June 1979 when a £30m issue of sterling eurobonds was made.

The balance of requirements was substantially met in February 1980 by a further £20m issue, taking advantage of a temporary improvement in market conditions, and using a new vehicle for such issues, Finance for Industry International BV.

Following this issue, at the start of the new financial year, the group was comfortably liquid, says Lord Caldecote.

The balance sheet also shows that the market value of the group's land assets exceeded the book amount by about £40m.

Investment and financial facilities to customers totalled £597.74m (£494.76m) and property, plant and ships under charter, £149.43m (£125.05m). Money market assets and balances with bankers were £90.02m (£121.17m).

Borrowings repayable within one year amounted to £349.29m (£257.66m) and borrowings repayable after more than one year, £386.07m (£388.68m).

Lex, Back Page

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Ashdown Invest. Tst. int.	1.8	—	1.6	—	6.6‡
BPB Inds.	5	Aug. 15	4.5*	9	6.6*
Brickhouse Dudley	2.25	Aug. 8	1.9	3.2	2.77
Cattle's (Holdings)	1.1	—	1.15	2.1	2.1
Chubb and Son	3.48	Aug. 29	3.48	5.43	5.34
Cocksedge (Holdings)	Nil	—	4	Nil	4.84
James H. Dennis	1.8	Aug. 1	2.11§	3.6	2.11§
Electric and General	1.45	Aug. 8	1.2	2.3	2¶
B. Elliott	7.25	—	7.25	12.25	10
Ex-Lands	0.56	Oct. 2	0.56	0.56	0.56
Hicking Pentecost	5.8	—	5.8	9	8.6
Mercantile House	8.5	Aug. 21	10.72	12.5	10.72
Christopher Moran	2.9	Sept. 12	2.9	4	4
Powell Duffryn	9	Aug. 26	7.1	13.25	11
Renwick Group	2	Oct. 3	2	3.5	3
Somic	1.68	—	1.6	2.68	2.56
Trusthouse Forte int.	2.25	Oct. 1	2	—	8
Vectis Stone int.	0.6	Aug. 8	0.5	—	1.45
Western Selection int.	1	Oct. 2	0.88	—	2.1

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Includes non-recurring payment of 1p. § For 7-month period. ¶ Included special payment of 0.15p.

Renwick setback in second half

After a second half hit by industrial disputes the **Renwick Group,** fuel distribution, travel and freight concern, reports a small increase in taxable profits from £1.57m to £1.6m, in the year to March 29, 1980. Turnover for the period was up by 19 per cent from £55.42m to £65.9m.

At halfway the company reported a 30 per cent increase in pre-tax profits, from £0.97m to £1.26m.

The final dividend is held at 2p, making a net total of 3.5p (3p). Stated earnings per 25p share are 15.1p (18.3p).

● **comment**

A £590,000 loss in the freight division held profits to a meagre advance at Renwick. The loss had been trimmed from the previous year, but the division has been rationalised. With £100,000 lost at a single depot, there is clearly room for more surgery and some recovery should be seen this year, barring another prolonged national industrial dispute. But with recession threatening the group's mainstream money-earners—cars, campers, boats and travel—freight is a loss which Renwick can hardly afford to let run. Only the motor division showed a profits advance and a slight one at that with VW invoicing in sterling to deny exchange rate benefits. Renwick's vulnerability to a consumer expenditure squeeze makes its associate tie-up with Western Fuels all the more valuable. Higher energy prices lifted the contribution from £468,000 to £750,000. The 12 per cent yield and fully-taxed p/e of 5 show a cautious rating, and at 44p, down 5p, the shares have slipped 19p since the optimism of the interim advance. Gearing is marginally up at 60 per cent, while CCA would show a dividend still covered on a notional full tax charge.

Mercantile House rises by £0.9m

AN INICREASE of £895,147 to £3.5m in pre-tax profits is reported by **Mercantile House Holdings,** the money broking and financial services group, for the year to April 30, 1980. Turnover climbed from £16.29m to £20.87m.

In recent months the company has been actively involved in acquisitions and in April they agreed to acquire three subsidiaries of the J. P. Cabot Equity Corporation—Fundamental Brokers Inc., JPC Brokers Inc., and Primary Clearance Crpn. The total consideration will be about U.S.$8.5m in cash.

The company has also agreed to acquire the entire issued capital of Woodstock Inc., a commodity and financial futures broker in the U.S. for consideration of $3m, payable in cash.

Mercantile's tax charge for the year was £1.89m (£1.44m), leaving attributable profits of £1.6m (£1.17m). Stated earnings per 25p share are up from 23.87p to 29.18p, and the final dividend of 8.5p makes the total payment 12.5p compared with 10.72p.

Chubb profits tumble but dividend is held

SHARPLY INCREASED trading losses and substantial rationalisation costs in the cash register division have contributed to a "most unsatisfactory year" for **Chubb and Son,** where second-half pre-tax profits have plunged from £8.3m to £2.21m.

Taxable profits for the full year to March 31, 1980 fell from £15.26m to £7.22m, but the directors say their confidence in the group's prospects of long-term growth is reflected in their proposal to maintain the final dividend at 3.4784p, making a total of 5.425p (5.3415p) net.

Against expectations of a break-even performance for the year, the cash register side suffered operating losses of £4.69m against £1.48m, following a deterioration in trading performance and the costs of changing what was a mechanical engineering operation to an electronic one.

The non-availability of suitable micro-processors from the U.S. meant that production of the new electronic cash register was put back from September to the early months of this year, and this delay coincided with a substantial fall in market share.

Although there has been some recovery in order intake in the current year, the cash register side has not reclaimed sufficient of its market share to make a significant impact on the rate of loss.

The costs of a far-reaching rationalisation plan for the division are estimated at £7.5m, net of tax, which with the £163,000 costs of closure of an overseas subsidiary, results in an extraordinary debit this time of £7.66m (£61,000).

Operating profits of the group excluding the cash register loss fell from £19.13m to £15.19m. Despite substantially increased sales, the electronics and alarms saide failed to maintain last year's profit level, and the fire security division also declined, reflecting internal and external strikes and an underestimation of the costs of staff reorganisation.

Locks and safes finished with higher sales and record profits, although the strength of sterling contributed to a fall in exports.

Overseas profits remained static, with substantial falls in France and Nigeria being cancelled out by improvements elsewhere, including a 60 per cent increase in South Africa.

Group turnover rose from £216.61m to £230.02m, and the pre-tax profit is struck after interest of £3.46m (£2.5m) but includes the associates' share of £166,000 (£101,000).

Earnings per 20p share, after tax of £3.62m (£4.38m), are shown as 4.94p (18.38p). Minorities take £558,000 (£466,000) and £3.34m (£3.29m) is absorbed by dividends.

Chubb has declared 200 redundancies at its cash registers and dispensers division in Brighton, a trade union official said yesterday.

Mr. Chris Dark of the white collar section (TASS) of the Amalgamated Union of Engineering Workers said the firm was suffering from foreign competition. It was the third set of redundancies at Brighton in 18 months.

● **comment**

After a disaster like this, Chubb is forced to take some pretty sharp measures. Production of cash registers will be cut to the reduced level of demand and if that does not seem to be having the desired effect by the end of the year the division will be closed down entirely. Chubb clearly cannot afford another year like the last. With £8m pulled out of reserves, the balance sheet may show net debt of about 30 per cent of shareholders funds, against 12 per cent at the end of the previous year, although there may be scope for a property revaluation. Meanwhile, the competitive pressure is on in several of the company's divisions, as highlighted by the general squeeze on margins. Nevertheless the dividend is maintained and the share price was unchanged yesterday at 93p, producing a yield of only about 8½ per cent and p/e of 16, fully-taxed.

Merger to speed Keyser's growth

THE PROPOSED merger with the **Charterhouse Group** would enable the resources of Keyser enable the resources of Keyser **Ullmann Holdings** to be put to full use more quickly than if it remained alone, Mr. Derek Wilde, Keyser's chairman, tells shareholders in his annual statement.

In a letter recommending Charterhouse's bid contained in the official offer document, he points out thta Keyser's profits ‰up from £2.1m to £3.3m this year—are still well below the figure which ought to be expected from a company with shareholders' funds of £44m. Efforts to expand have been handicapped by Keyser's history.

The merger result in a group with shareholders' funds of £114m and £63m invested in the banking businesses now carried on by Charterhouse Japhet and Keyser Ullmann.

The offer, which values Keyser Ullmann Holdings at about £44m, consists of one Charterhouse Ordinary share for each Keyser Ordinary share and one Charterhouse 5.7 per cent cumulative second preference share for each Keyser 4.2 per cent cumulative second preference share.

The new shares will rank for the dividend of 1.75p (1.6p) proposed by Charterhouse and payable on September 30.

The acquisition of Keyser would allow Charterhouse to enlarge its banking interests without diverting substantial funds from non-banking activities, Mr. G. N. Mobbs, Charterhouse chairman, tells shareholders. While it would be possible to further the group's strategy of placing greater emphasis on investment and banking by allocating additional funds from within, the resulting growth would be relatively slow.

Meetings of Charterhouse to approve the acquisition and the increase in authorised share capital required to implement the offer will be held on July 18.

Keyser Ullmann's balance sheet for the year to March 31, 1980 shows shareholders' funds of £44.18m (£40.73m) and long-term borrowings of £7.59m (£8.27m). Current, deposit and other accounts, including tax provisioin, amounted to £191.87m (£186.03m). The annual meeting will be held on July 23 at noon.

Hocroft Trust, the Keyser Ullmann subsidiary which reported increased pre-tax losses of £103 000 (£52,000) excluding the share of its associated banking company's profits of £1.25m (£0.79m), has net current liabilities of £1.24m (£1.19m).

Shareholders' funds were up from £13.95m to £15.54m, and there were loans of £1.96m (same) and overdrafts of £1.19m (£0.77m).

Meeting, London EC, July 23 at 11.45 am.

Cattle's falls below £1m mark

A RAPID deterioration in the domestic economic climate in the final quarter's trading is blamed by the chairman of **Cattle's (Holdings)** for a fall from £1.6m to £974,000 in pre-tax profits for the year to March 31, 1980.

But he feels the results do not truly reflect the underlying strength of the financial services, retailing, merchandising and insurance broking group.

The pre-tax figure was struck after substantially higher interest of £2.68m compared with £1.11m and an increase in deferred revenue of £1.22m (£725,000).

He says Rosebys, the newly-acquired household textiles and soft furnishing retailer, performed extremely creditably and the company's move into this field has fulfilled expectations.

The company is maintaining its policy towards customers who have not been able to meet their commitments, either in full or partially. With this policy of accommodating customers in difficult times, the company made the increase in deferred revenue charges.

The chairman points out that in more normal times this charge would have been at least £500,000 lower.

He says in the present economic climate, it would be meaningless to attempt a forecast for the current 12 months. But he says turnover is running 15 per cent ahead at present, which must be considered satisfactory at a time when consumer spending is at a depressed level.

Group turnover for the year advanced from £44.3m to £64m, with trading profit up from £3.44m to £4.89m.

Tax was down from £895,000 to £225,000, and the final dividend is 1.1p (1.15p) for an unchanged total of 2.1p.

After deducting pre-acquisition profits of £26,000, and an extraordinary debit of £87,000 (£260,000 credit), the available balance came out well down at £636,000 (£1.46m).

After dividends of £603,000 (£522,000), the amount retained was £33,000 (£939,000).

Cocksedge falls into £0.75m loss for year

After a pre-tax loss of £0.26m at halfway **Cocksedge (Holdings),** the engineering and steel stockholding group, fell further behind with a loss before tax of £0.75m for the year to March 31, 1980. Last year, the company made a profit of £0.53m after a first half £0.16m.

Turnover for the year fell from £4.14m to £3.28m. There was a tax credit of £0.42m (£0.27m charge). There is no dividend for the year, compared with a net total of 4.8357p previously.

The company says the loss was greater than anticipated, as it suffered a shortage of suitable work, low productivity, and the impact of the engineering and steel strikes.

Higher costs, tougher competition, a severe downturn in demand and the strength of the pound also had to be faced. The cash flow in the current year will be helped, the Board says, by the repayment of £255,000 owed to the company, and the cutting of costs where possible.

The company says that the solving of staff shortages in some key areas should help matters, but a much better performance throughout is essential.

No great improvement in trading is reported for the current year but it is hoped that the large losses last year on certain contracts and the strikes will not be repeated.

Today's company meetings

Canadian and Foreign Investment Trust, Stock Exchange, 11.45. H. Goldman, Glider House, Clairmont Road, N.W., 4. Norman Hay, Excelsior Hotel, West Drayton, 11. John Folkes, 75, Harborne Road, Edgbaston, 12. Lee Cooper, Cafe Royal, W., 12. Mothercare, Winchester House, E.C., 11. Sheffield Brick, Royal Victoria Hotel, Bradford, 10.30. Sphere Investment Trust, Winchester House, E.C., 12. Uniflex, 43, Conduit Street, W., 10. C. and W. Walker, Malinslee, Telford, 12. Wettern Brothers, Fairfield Halls, Croydon, 11.

SPAIN

June 25	Price %	+ or −
Banco Bilbao	214	+2
Banco Central	242	
Banco Exterior	208	
Banco Hispano	216	+2
Banco Ind. Cat.	122	
Banco Madrid	141	
Banco Santander	272	
Banco Urquijo	150	+3
Banco Vizcaya	226	+3
Banco Zaragoza	202	
Dragados	75	−1
Espanola Zinc	58	−1
Fecsa	65.7	+1.2
Gal. Preciados	28	
Hidrola	71.7	+1
Iberduero	67.7	+0.5
Petroleos	106.2	+0.3
Petroliber	88	+2
Sogefisa	107	
Telefonica	60	+0.5
Union Elect.	64	+1.5

WHITBREAD

AND COMPANY LIMITED

A Growing Market Share

The Chairman's Report for the year ended 1st March 1980

I think these results can be considered satisfactory, especially if we remember that they are for 52 weeks as against 53 weeks last year, and that the action of the Price Commission prevented us fully implementing our price increases between March and June 1979.

Profit before providing for the proposed new Share Ownership Scheme increased by 13.7% over the previous year. Adjusted for 52 weeks, the true increase was approximately 18%.

OUR RESULTS

Year to 1st March 1980

£000's	52 weeks to 1/3/1980	53 weeks to 3/3/1979
Turnover	738,469	659,886
Profit before taxation	61,813	54,350
Ordinary Dividends	14,648	10,954
Retained in the business	39,654	35,072
Earnings per share	21.88p	19.48p
Dividend per share	6.00p	4.80p
Dividend cover	3.65	4.09
Added value per full-time employee	£9,606	£8,397

You will see that during the high interest rate period since last November the cost of borrowing, including that required to expand the business, cost the Group an extra £2.5m. We hope that there will be some relief from these high rates in the near future, for they not only add to the cost of borrowing money, which is inflationary, but also make new investment of the order of £200m between 1979 and 1981 harder to achieve.

The Board are recommending an increase in the dividend which will bring the rewards to the shareholders more into line with those of people working in the Company. They have decided it is better to pay out the maximum dividend rather than give vouchers or other trading facilities to shareholders.

In our 1980/81 financial year, your Board proposes to make the interim dividend payment a larger proportion of the total dividend for the year, and we trust that this will benefit our shareholders.

We are undertaking a revaluation of all our property this year, and the results will be incorporated in the Accounts for 1980/81. In the light of the high rate of inflation since our last revaluation in 1974, your Board decided that a revaluation would reflect a more accurate value of our assets.

UK Trade

This year we have just about kept pace with inflation, and for the second year in succession we have continued to gain market share. The summer weather was unexciting but we had a long, warm autumn, and until November our trade held up well. We also had a good Christmas.

The successful launching of two new brands, Royal Kaltenberg Draught and Diät Pils, and Heldenbräu, which support our two main brands of lager, Heineken and Stella Artois, confirmed our view that we had two new winning brands in their market sectors, which we are now selling nationally.

The Magor Brewery in Wales, between the Severn Bridge and Newport, which cost about £51m, has come into commercial production this summer. It is making a significant contribution to the supply of lager, and represents a large part of our investment programme over the last two years. It is interesting that we import hardly any lager, despite the fact that it has taken 30% of the British market – something of which Whitbread's and the brewing industry can be very proud.

We did well in our ale trade, and the policy of having good local ales which are in demand all round the areas where they are brewed has been one of the successes of this year's trading. Such local brands as Whitbread Bitter, Strong's Country Bitter, Pompey Royal, Marlow Bitter, Fremlin's Tusker, Welsh Bitter, Chesters Mild and others have contributed to our marketing success, and show the value of the Company's adaptability. Trophy itself is still our major ale brand nationally, and now ranks as one of the five top-selling beers in this country, particularly in the North.

Take-Home Division enjoyed another successful year in the supermarket trade, as did Rawling's fruit juices and mixers, and our Langenbach wines made significant progress in the United Kingdom.

I am glad to say that the quality of our beers, wines, spirits and soft drinks has continued to be very good, and I cannot speak too highly of our Production, Quality Control and Cellar Service teams' painstaking efforts to ensure that our customers always get a first-class drink, wherever our products are sold.

Energy management continues to grow in importance. We have already achieved a 10% reduction in the energy used per barrel of beer produced, and it is a management target to increase this saving by a further 10%.

The continued expansion of catering in all sections of our business, from good value for money meals in our Beefeater Restaurants to the "pub grub" produced by many of our tenants and managers, means that at lunchtime, and often in the evening, our customers can be offered something more than just a refreshing drink in our houses. We believe this trend will continue in the 1980s.

I would like to pay tribute once more to our frontline retailers who do so much to see that our products are sold in good condition and in an attractive environment. Theirs is a highly skilled job, which they carry out with the humour and friendliness that make the British pub so unique in the world, and such good value for money.

Annual General Meeting
12 noon, Tuesday 22nd July
Brewery, Chiswell Street,
London EC1Y 4SD.

Share Ownership Scheme

At the Annual General Meeting we shall be asking you to authorise an Employee Share Ownership Scheme, details of which are given in a separate pamphlet. The point on which the Whitbread Scheme differs from some similar ones is that everybody who has served three years with the Company, and is eligible, will receive the same number of shares. Issues in future years, within the limitations described in the pamphlet, will be made at the discretion of the Board.

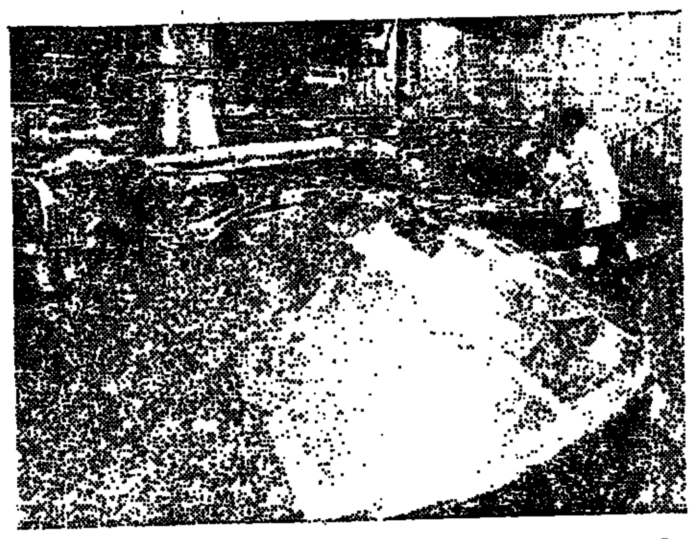
I believe that the ownership of shares by people in the Company will give them an added interest and knowledge of the Company's finances and profits, and this has been made easier to achieve by legislation in recent Finance Acts.

I hope that, during the four years in which these shares must be held, the value, and therefore the advantage of being a holder of shares, will be obvious to all the 12,500 eligible participants. I ask for your support for these proposals, which your Board feel sure are in the long-term interests of Whitbread & Company.

Pensioners

I would like to include a mention of our pensioners, some 5,000 now, for whom we have tried to ease the burden of inflation by increasing their pensions through ex gratia payments. This is costing the Company some £2m a year before tax but I believe shareholders would expect a company like ours to do its best to alleviate the problems of our pensioners, who have served the Company for many years and are now, like all of us, feeling the effects of ten years' continuous inflation. We can only continue to do these sort of things if we can make adequate profits.

The redevelopment at Chiswell Street with shops, flats, walkways and leisure facilities will provide many new pleasing aspects and amenities like the new courtyard and coffee shop.



The mash conversion vessels where malt is converted into the hot sugary solution known as wort from which lager is brewed at the new Magor Brewery.

Industrial Relations

Our industrial relations record last year was not as good as the previous one. However, I believe there is an increasing understanding that the only people to gain from unofficial stoppages and inefficient practices by a few members of the Company are our competitors. Last year we suffered losses in London as a result of a serious disruption at our Luton Brewery. This we cannot afford if we are to continue to be able to pay good wages and salaries, and make enough real profit to assist in funding our future investment plans on the 1979/81 scale, which are expected to total something over £200m. Only by investing and keeping a business modern can jobs be made more secure for the future.

I am convinced that we need to make personnel policies as innovatory and imaginative as those for marketing in this modern day and age, and apply them particularly to areas of leadership, communication and business education at all levels.

We are making extensive use of video and television in talking to our people, as we have found this to be one of the best ways of explaining the complicated detail of how profits, jobs and investment interrelate in business.

Overseas

Long John International has again made good progress, with profits and direct exports up 20% on the previous year. This was the result of significantly increased sales of Long John whisky in all its major markets, and volume shipments were considerably ahead of the industry average for the same period.

The new Strathclyde grain distillery has also made a good contribution to profits, working as it does at a high level of efficiency.

I was very pleased to have been able to visit the Ambrose family, our American partners in the Highland Distillers Corporation of California, during the year, and to see this operation at first hand. Our recently acquired interest in this business, reported last year, has continued to prosper. Already the leading Scotch brand in California and other Western US markets, Scoresby Rare continues to make progress ahead of the national average in its established markets, and was successfully introduced into several new areas this year.

I touched last year on the difficult trading environment in Belgium but I am pleased to report that our volume sales are some 7% ahead on the previous year in a market that is at best static. This improvement is attributable to the continued success of Whitbread Pale Ale and Campbell's Scotch Ale, and our increased efforts in the take-home trade.

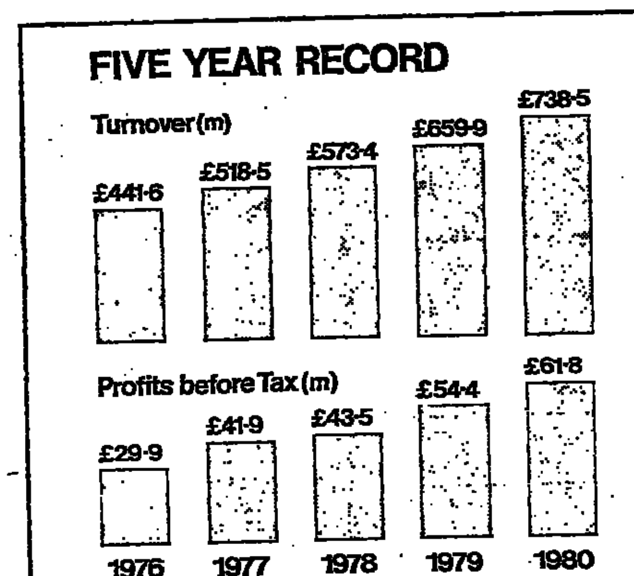
Our German wine subsidiary, Langenbach, has had a further year of good profit growth, with sales of Langenbach brands, particularly Crown of Crowns, showing excellent increases in the UK. In Germany itself, our trade was also well up, following increased efforts in that market, although profitability there needs to be improved. The renewed and expanded production facilities in Worms, to which I referred last year, are now in operation.

With regard to export and licensing, our new agents in the USA, All Brand Importers Inc, have made a promising start with Whitbread Ale and Mackeson, although this is another market where it is not easy to make good profits. However, our licensing operations for Mackeson in the Caribbean are going well, and we are now brewing Mackeson in Nigeria, where we believe there should also be a good future.

The growth in our overseas earnings is, therefore, steadily increasing. At the same time, we are continuing to examine further projects to earn a greater proportion of our total profits from overseas. This tends to be a long, and often time-consuming job, to make sure we take only the right opportunities.

Chiswell Street Development

I am glad to say we are near to agreement over the disposal of two office blocks, and we will make an announcement as soon as we are able to do so. Even then, we shall not be able to say what the resulting cash flow benefit will be until we have completed the full development of the six acre site, which includes the provision of 140 flats for Islington, and a supermarket and shops on the north side. The total development will help to reimburse us for some of the money that we have spent over twenty years at Luton, Samlesbury and Magor Breweries, where we brew all our lager and some other beers for the Company.



We have now finished the development of our offices in the retained and classified buildings at Chiswell Street, and I write this in the old Brewery boilerhouse, now refurbished as my office. The Board and senior management are together again in the same building, the old Chiswell Street Brewhouse, which has made a good headquarters office.

The Porter Tun Room, which I mentioned last year, has been launched on the receptions and banqueting market, and has proved a very popular place. Visitors have included members of the Government, international statesmen, trade unionists and industry leaders, and I believe that the founder of this firm, Samuel Whitbread I, who built the Porter Tun Room in 1780, would be pleased and proud of the way this great fermentation room has taken on a new lease of life, and is playing its part alongside the Overlord Embroidery. This development won the City Heritage Award last year.

Sponsorships

Next year will be the 25th year of the running of the Whitbread Gold Cup, the first industry-sponsored race, which was originated under Colonel Whitbread's Chairmanship, and the 21st Mackeson Gold Cup will be run at Cheltenham in November this year. We believe it right and, indeed, good marketing to keep our name and the names of our products before the public's eye, while at the same time helping various sports and interests which are followed by millions of our customers.

These sponsorships cover such diverse subjects as the Badminton Horse Trials, the Samuel Whitbread Village Cricket Championship, the Whitbread Young Cricketers Scholarships, the Royal Kaltenberg World Target Rifle Championships, the Stella Artois Tennis Tournament at Queen's Club, the Heineken Sailboarding Championship, Stowells' Art Competition, the Whitbread Literary Awards, and, of course, the Whitbread Round-the-World Race, which is to be staged again next year, with a strong entry. We initiated this year the Observer-Whitbread Essay Competition, to encourage a better understanding among young people of the importance of industry to the community.

We have recently received the report we commissioned from a research team from Oxford University on their two years' research into violence in pubs, which confirmed our belief that, happily, occasional violence is confined to less than 1% of our houses. To try to diminish it even more, we shall be seeing that our new and younger licensees are trained to deal with actually or potentially violent situations.

The Board

Colonel W. H. Whitbread, who served as a Managing Director of the Company from 1927, was Chairman from 1944 to 1971, and subsequently a non-executive Director, retired from the Board in September 1979.

Major Simon Whitbread, who joined the Board in 1939, is retiring at the Annual General Meeting, and does not seek re-election.

We thank them both most sincerely for all that they have done for the Company, and wish them a long and happy retirement. We are, of course, delighted that the family will continue to be represented on the Board by their sons, Mr Charles Whitbread and Mr Samuel Whitbread.

Two non-executive Directors who have joined the Board since the last AGM will be seeking re-election. They are Sir Arthur Norman, Chairman of the De La Rue Company, and Mr Timothy Colman, Chairman of the Eastern Counties Newspaper Group. Mr David Pritchard-Barrett, who took up his post as Finance Director-designate on 1st June, and Mr Peter Jarvis, our Marketing Director, who joined the Board last November, will also be seeking re-election. We are fortunate to have been joined by people of their ability, humanity and experience, and I hope that you will re-elect them.

With Mr Alex Bennett, who is also Chairman of the Whitbread Investment Company, and Sir Charles Troughton, whom you elected last year, the Board is now made up of six outside Directors and the executive team.

You will be asked at the Annual General Meeting to increase the maximum total sum available for paying fees to Directors (as distinct from any services in an executive capacity) from £25,000 to £50,000 p.a. The figure of £25,000 has not been changed since 1968.

The Future

The prime task of this Company is to survive the recession which is now upon the country in the best possible shape to exploit the future. We know the next two years may be painful and, in our case, may restrict the growth of the leisure market: the brewing industry depends on a prosperous Britain. We shall need much goodwill from everyone in the Company, and good leadership at all levels, which I know exists in our trading companies and at headquarters. The Company came through the road haulage strike earlier this year with few problems, and showed once more its ability to rise to a difficult occasion and keep trading. On 14th May, all our locations were working, with 97% of our people doing their jobs.

I do not believe that legislation alone can ever produce the sort of conditions a business team needs to overcome the country's present problems. Obviously, we must all work within the framework laid down by the Government, and co-operation and understanding by everyone who works in business of everybody's problems would seem to be the only way to a long-term solution. If the country spends all its time bickering like barrack-room lawyers, we shall never get down to achieving the task which lies in front of us.

This Company is structured into separate trading teams, which, I hope, allows people the maximum freedom and initiative to create their own job satisfaction while working within the financial and technical strengths of a big organisation. This is, I believe, fundamentally important for a Company which, although the pattern of employment changes to suit the market-place, has a very large number of people with long service amongst its 41,500 full-time and part-time employees. It is interesting that our total number of people employed went up last year, largely due to the increase in retail business.

I believe, therefore, with a confidence that I hope is neither ill-founded nor boastful, that we have a team of individuals whose motivation to succeed has been considerably enhanced by our ten-year policy of decentralisation.

We are now among the top 50 companies in the country. We will only remain there while we can keep the goodwill, enthusiasm and initiative of all who work in the Company fixed on one common purpose: the successful future of Whitbread's. I am convinced we can do this.

Charles Tidbury

CHARLES TIDBURY, *Chairman.*

Engelhard Minerals in agreed bid for insurance group

BY DAVID LASCELLES IN NEW YORK

ENGELHARD MINERALS and Chemicals, the large minerals, mining and trading company whose profits have been soaring on the back of the commodity and oil and price boom, yesterday announced a diversification into insurance and other fields.

In a deal which has the approval of both boards, it is to absorb NN Corporation, a Milwaukee-based holding company whose interests include most kinds of insurance, the manufacture of business forms, and building materials.

NN's revenues last year were $423m and its profits $38.5m. However, only the insurance side of the company was in the black, achieving a profit of about $45m. Other segments posted losses of $6.5m.

Under the terms of the tax-free merger, Engelhard will issue 1.33 of its shares for each NN share. At yesterday's market value of Engelhard shares of $34, this gives the deal a potential value of $280m. However, the agreement includes escape clauses for both sides if the value of Engelhard shares moves sharply up or down.

Engelhard more than doubled its profits to $350m last year, mainly because of improvement at its Philipp Brothers Division, which trades in a wide range of commodities as well as oil.

Engelhard also benefited from the recent Hunt silver crisis as the Hunt brothers were forced to buy themselves out of a silver delivery deal with Engelhard at terms which were highly favourable to the minerals company. It included the transfer to Engelhard of valuable Hunt oil leases in the Canadian Arctic seas. By some estimates Engelhard obtained properties worth $750m for an effective price of $250m.

Engelhard's deal is the latest in a long line of insurance company acquisitions by highly profitable companies seeking a steady-yielding home for their funds. On June 5, Getty Oil launched a $570m bid for ERC, a large Kansas City insurance company.

National Semiconductor beats target for year

BY OUR FINANCIAL STAFF

VARYING performances in the computer industry are shown by trading results for the past three months from major companies.

National Semiconductor, a major manufacturer of semiconductor components, has beaten forecasts for fiscal 1980, while Data General, which makes small- and medium-sized computers, has recorded profits only up 3 per cent at the nine month stage, which suggests that the company could fail to meet analysts' forecast for the full year.

National Semiconductor pushed earnings ahead by 71 per cent to $16.4m or 80 cents a share in the final quarter, bringing its year-end total to $52.3m or $2.58, a gain of 52 per cent. Analysts had predicted earnings of about $2.40 for fiscal 1980, rising to $2.65 in the coming year. Sales for the year were 36 per cent higher at $980.4m.

National said that the sharp increase in fiscal 1980 net income reflected strong gains from its semiconductor product line

Consumer businesses continued to contribute to overall company performance and laser scanning systems were shipped at record levels.

Data General is also showing strong gains in sales, with third quarter revenues up 48 per cent to $156.1m, making the nine month sales total 31 per cent higher at $439.9m.

But earnings at Data, which sells about 27 per cent of its products outside the U.S., are only up 8.8 per cent in the third quarter at $13.6m.

INTERNATIONAL CAPITAL MARKETS

Iberduero opens heavy DM bond calendar

BY FRANCIS GHILES

THE JULY calendar of foreign Deutsche Mark bond issues was opened yesterday when Dresdner Bank launched a DM 100m public issue for Spain's largest utility, Iberduero. This bond includes a maturity of 10 years and carries an indicated coupon of 8¾ per cent. It is expected to be priced at par.

The German Capital Markets Sub-Committee agreed on a calendar of new issues totalling DM 900m to July 23. This figure could rise to over DM 1bn if issues for two supranational borrowers, the World Bank and the European Bank, which technically are not included in the calendar, come to the market. The sub-committee also allowed for three public issues to be arranged between July 23 and August 4 when its next meeting is scheduled.

The second issue in the calendar will come next Monday, DM 200m, through Commerzbank, probably for New Zealand. This will be followed by a DM 75m issue for a European address through Westdeutsche Landesbank on July 11 and a DM 100m issue through Dresdner on July 14 for a non-European sovereign borrower.

FOREIGN DM BONDS

Calendar for	Approved DMm	Issued DMm
January	1,200	1,240
February	640	450
March	580	380
April	100	1,550
May	800	815
June	—	1,120
July	900	—

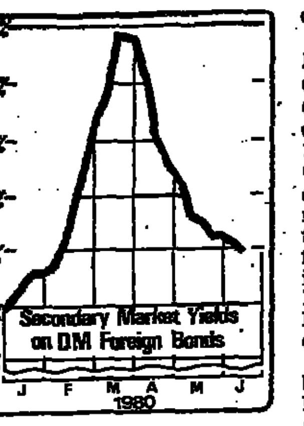
On July 16 Westdetusche Landesbank will launch a DM 100m issue for a European address, while the next day Deutsche Bank will bring a yet unspecified borrower to the market for DM 150m. On July 18 the same bank will launch a DM 100m public issue for a European industrial name and the calendar will be closed on July 21 by Norddeutsche Landesbank, a rare manager of foreign Deutsche Mark issues, with a DM 75m private placement for a South African borrower.

In the 10 days after this Commerzbank will bring a European state to the market for DM 100m, Deutsche Bank a European sovereign borrower for DM 100-150m and Dresdner Bank a non-European industrial name for DM 100m.

This calendar, the largest since last December, hardly ruffled the market. Prices dipped slightly in the morning but quickly recovered to end the day ¼ of a point higher.

Most new issue managers argued that if the yield offered by the new issues was reasonable, the market could easily absorb DM 1bn-plus during the next four weeks.

The contrast with the dollar



sector could not be greater. Here the "investors' strike" continues in earnest. Evidence for this can be found in the heavy discount at which the new batch of straight dollar issues launched on Monday night were standing yesterday. This is despite the fact that the bond issues for Lonrho, United Biscuits and Republic Steel all offer coupons above 10 per cent.

True, straight dollar issues launched last week, which offered coupons below 10 per cent, are standing at larger discounts: the 9¾ per cent bond to 1986 for Export Development Corporation was quoted at a discount of three points in pre-market trading yesterday while the 9½ per cent bond to 1987 for A/S Exportfinans was standing at a discount of 3½ points. Even at this level, the A/S Exportfinans offers a return of only 10.28 per cent.

Allocations for the 9½ per cent bond to 1986 for Continental Illinois were announced yesterday; underwriters were asked to take their full allotments and the bonds started trading at a heavy discount from their issue price of par. The lead managers, Continental Illinois Ltd. and Goldman Sachs, were quoting a price of 96¼-½ while elsewhere in the market traders were quoting 96-96½.

At that level, the Continental issue offers the investor a return of 10.63 per cent. This is still around 100 basis points below what can be obtained on many seasoned dollar issues.

Seasoned fixed interest dollar Eurobonds were relatively unaffected; prices slipped by around ⅛ of a point but the volume of trading was small. Fears, however, are being expressed by some dealers that the bad news on the new issue front could eventually spill over into the secondary sector as a whole and push prices down

In the Swiss franc sector the World Bank has arranged a SwFr 100m 15-year issue carrying a coupon of 5¾ per cent through Swiss Bank Corporation.

In the secondary Swiss franc sector, prices slipped by ¼ of a point in thin trading.

The next foreign French franc bond is expected to be announced later this week. Seasoned issues in this sector are holding up well, not least because of the steadiness of the French franc.

Beatrice Foods edges ahead

By Our New York Staff

BEATRICE FOODS, the large Chicago-based food manufacturer, yesterday reported a small increase in first quarter earnings. Net income was $74.2m, equal to 72 cents a share, up from $72.1m or 70 cents a share in the same period last year. Revenue was $2.1bn, up from $2bn.

Fully diluted earnings per share were 68 cents, against 66 cents previously.

Mr. James Dutt, chairman, said results had been affected by softness in a number of Beatrice's non-food operations caused by the recession, higher taxes and increased interest costs.

Apart from food, Beatrice produces chemicals, leisure equipment, and home products which account for just over a third of Beatrice's income.

Beatrice has already predicted that it would report record sales and earnings for fiscal 1981, its 29th year in a row. Earnings in 1980 were $290m or $2.81 a share and revenues totalled $8.3bn.

City Investing forecasts second quarter decline

BY OUR FINANCIAL STAFF

CITY INVESTING expects second quarter net income to decline about 15 per cent from the year earlier period to about $30m. It said first-half net income is expected to be about $57m, about the same as a year earlier.

In remarks prepared for a meeting of institutional investors, Mr. George Scharffenberger, the chairman, said reduced second-quarter earnings primarily reflected an adverse cyclical trend in property casualty insurance underwriting, substantially reduced sales of single family homes and lower volume in some of the company's manufacturing operations.

City Investing's magazine printing, community development, budget motels and international manufacturing operations continued to report substantial earnings growth, he added

The company expects earnings for the balance of 1980 to be between 10 per cent above or below last year's $132.6m or $3.60 a share.

Last Friday Tamco Enterprises, the small private company headed and part-owned by Mr. Lyman Hamilton, the former chief executive of International Telephone and Telegraph, said it had bought about 8 per cent of City Investing's common shares. Mr. Hamilton said Tamco was considering renewing its takeover offer for City Investing which City's board had earlier rejected.

DATA SUPPLIED TO IMF

Romania shows drop in reserves

BY PETER MONTAGNON

ROMANIA, WHICH has been a regular borrower on the Euromarkets, has begun to supply the International Monetary Fund with internationally comparable data on its financial position. The data, published for the first time in this month's IMF Financial Statistics, show that total reserves fell steadily in the first quarter of 1980 to 452m special drawing rights ($597m) in March from 569m SDRs in January.

The figure includes Romania's gold holdings valued at 35 SDRs ($46.22) per ounce. In March these stood at 3.61m ounces, compared with 3.59m in January, giving total reserves without gold of 326m SDRs compared with 443m SDRs.

Foreign exchange holdings alone were put at 304m SDRs compared with 417m SDRs in January. These are small when compared with Romania's gross borrowings from international banks, which are estimated by the Bank for International Settlements to have reached $3.98bn at the end of last year.

However, the IMF points out that Romania has traditionally operated on a low level of reserves. Reserves, excluding gold, at the end of 1979 were 4.8 per cent of total imports during the year, which was a higher ratio than in each of the two preceding years.

In 1979 Romania had a trade deficit of $1.19bn compared with one of $961m in 1978. This followed a period of several years in which Romania's trade had been in approximate balance

Conoco plans increased international exploration

BY OUR FINANCIAL STAFF

CONOCO, the U.S. oil group which has interests in the Murchison and Statfjord fields in the North Sea, is to treble its international exploration spending to $160m this year.

Mr Ralph Bailey, the chairman, said in Frankfurt that Conoco (formerly Continental Oil) expected to participate in 44 wells this year, compared with 21 in 1979, reflecting the success of its drilling programme in the past few years.

Capital spending on international production activities would reach about $310m, of which some three quarters would go to North Sea developments.

Conoco and its partners earlier this year decided to bring the Hutton field into production in a £600m scheme involving revolutionary technology, the tension leg platform, which is a floating structure moored to the seabed by vertical lines.

The Hutton field has recoverable reserves of between 175m barrels and 250m barrels. Production is due in 1984 with a peak rate of 115,000 barrels a day.

Mr Bailey said yesterday that Conoco's North Sea production was expected to reach an average 22,000 barrels a day this year, up from 16,450 last year, and that it would rise to more than 100,000 b/d by the mid-1980s.

In the U.S. the company intends spending a total of $340m on petroleum production this year, an increase of 40 per cent on the level of spending in 1979. However, production is likely to decline by about 6.5 per cent after the 5.3 per cent fall in the previous year.

Last year Conoco almost doubled net profits from $451.3m to $815.4m on revenues ahead from $9.9bn to $13.1bn.

Setback at Corning Glass

BY OUR FINANCIAL STAFF

NET EARNINGS at Corning Glass Works dropped from $40.01m to $35.32m in its second quarter to June 15 on sales only marginally higher at $344.6m compared with $339.2m. Per share earnings came out at $2.01 against $2.25.

The company said the reduction in profit came mainly from the U.S., where automotive and consumer housewares businesses fell significantly from the levels achieved a year earlier.

Sales held up well in the electronic components, medical products, laboratory glassware and glass refractories operations, it said, as did Latin American and Asian activities. Europe held up moderately well.

For the half year earnings were down from $74m to $61.62m on sales of $700.1m against $669.3m.

The latest quarter's profit includes a $1.67m, or 10 cents a share, gain from a change in its method of accounting for interest, while the half-year total benefited by $3.33m.

AMERICAN QUARTERLIES

BROWN-FORMAN	1980 $	1979 $
Fourth quarter		
Revenue	154.0m	152.0m
Net profits	12.6m	9.5m
Net per share	1.01	0.75
Year		
Revenue	676.0m	560.0m
Net profits	50.4m	40.1m
Net per share	2.27	2.15

GENERAL INSTRUMENT	1980 $	1979 $
First quarter		
Revenue	215.0m	150.5m
Net profits	15.53m	10.41m
Net per share	1.29	1.27

HOSHRING	1980 $	1979 $
Second quarter		
Revenue	127.4m	122.1m
Net profits	3.64m	4.32m
Net per share	1.09	1.37
Six months		
Revenue	255.0m	227.1m
Net profits	6.35m	6.42m
Net per share	1.93	1.89

PACIFIC TEL. & TEL.	1980 $	1979 $
Second quarter		
Revenue	1.61bn	1.24bn
Net profits	55.14m	71.41m
Net per share	0.32	0.42
Year		
Revenue	5.01bn	4.93bn
Net profits	373.0m	306.9m
Net per share	1.80	1.82

STOKELY-VAN CAMP	1980 $	1979 $
Year		
Revenue	541.5m	552.8m
Net profits	11.4m	13.1m
Net per share	3.23	3.73

London branch for Riggs Bank

By Nicholas Colchester

THE Riggs National Bank of Washington DC, best known to diplomats, lobbyists, civil servants, congressmen, senators and presidents as the bank for smart residents of the U.S. capital, has now opened a branch in London.

The bank's aim is to extract benefit, in the shape of Eurocurrency loans and deposits, from its high level contacts in Washington. Mr. Vincent Burke, the chairman, explains that contact with the Washington missions of foreign countries has already led to significant deposits with Riggs in the Bahamas. The London branch should reinforce this inflow of funds.

On the assets side the London operation is expected to help Riggs serve multi-national corporations with which it also has contact through their liaison offices in Washington.

Although a regional bank of regional size, Riggs has already developed a portfolio of loans to foreign countries, some of which resulted from contacts with diplomatic customers in Washington.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on June 24

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alcoa of Australia 10 89	80	93¼	93⅞	−0⅛	−0½	11.16
Australian Res. 9⅝ 84	30	96½	97	−0¼	−0¼	10.63
Beneficial Fin. 9¾ 87	100	93¼	93¾	−0⅛	−0⅜	11.12
CECA Grad. Rate 12 86	100	99¾	100¼	0	−0⅜	11.19
CECA 11⅝ 90	50	99¾	100¼	−0⅛	−1⅛	11.67
CECA 11½ 88	100	101⅝	102⅛	−0⅛	−1⅛	11.12
Canadian Pacific 9¾ 89	50	94¼	94¾	−0½	−0¾	10.73
Carter Hawley 9¾ 86	50	93⅝	94⅛	−0⅛	−0⅞	11.20
Continental Grp. 9⅜ 86	100	94½	95	−0⅛	−1⅛	10.86
Denmark 11⅜ 90	100	100⅛	100⅝	−0½	−1½	11.63
Dome Petroleum 13½ 92	50	104⅝	105⅛	−0⅛	−1⅛	12.67
EEC 11 85	75	97½	98	−0½	−1⅛	11.31
EIB 11¾ 92	80	99⅝	100⅛	−0½	−1⅛	11.74
EIB 13¾ 90	100	108	108½	−0⅜	−1½	12.25
Eksportfinans 11¼ 87	50	101	101½	−0½	−1⅛	10.94
Export Dv.-Cpn. 9¾ 84	150	97⅝	98⅛	−0½	−0⅞	10.38
Export Dv. Cpn. 12¾ 87	100	106	106½	−0⅜	−1½	11.38
Federal Dev. Bk. 12¼ 85	75	104⅞	105⅜	−0⅛	−0⅞	10.83
Finland, Rep. of 9½ 86	100	94	94½	−0½	−0½	10.88
Ford O/S Fin. 12⅝ 85	250	100⅝	101⅛	−0½	−1⅛	12.36
George Weston 13½ 87	30	102⅝	103⅛	−0⅛	−0⅞	12.84
GTE Finance 9¾ 89	55	91⅞	92⅜	+0⅛	+0⅞	11.18
GMAC 9⅝ 86	100	94½	95	−0⅛	−0⅛	10.47
GMAC O/S Fin. 11 84	100	100½	101	−0½	−1	10.74
GMAC O/S Fin. 13⅜ 85	100	106⅛	106⅝	−0½	−1	11.54
Goodyear O/S 12½ 87	75	99⅛	99⅝	−0⅛	−0⅜	12.63
IPM Canada 10½ 85	50	100⅜	100⅞	−0½	−1⅛	10.33
[illegible] Ned. 11 83	100	100¾	101¼	−0⅜	−0½	10.57
Kennecott Int. 9½ 86	100	90⅝	91⅛	0	+0½	11.72
[illegible] 13½ 85	75	103½	103⅞	−0⅛	−0⅜	12.50
Michelin 10 94	125	91⅝	92⅛	−0⅛	−1⅛	11.16
Nat. Des. Telecm. 9½ 86	100	95⅞	96⅜	−0½	−0⅞	10.40
Norway 9½ 84	150	97⅜	97⅞	−0⅛	−0½	10.26
Norwest Ind. 13⅞ 87	50	101⅜	101⅞	−0⅜	−1⅛	13.23
Nova Scotia Pwr. 9¾ 89	50	93⅜	93¾	−0⅛	−0⅜	10.92
Quebec Hydro 11½ 9?	100	98¾	99¼	−0⅜	−0⅜	11.66
Roylease Ltd. 11¾ 85	50	101½	102	−0⅜	−0⅜	10.77
[illegible]	50	105⅝	106⅛	−0½	−1½	10.75
Statoil 9⅝ 89	100	94⅝	95⅛	−0⅜	−1⅛	10.52
Swed. Ex. Cred. 12½ 85	40	104½	105	−0⅜	+0⅛	11.16
Sweden 9¾ 89	100	93⅞	94⅜	−0⅜	−1⅛	10.80
Sweden 9¾ 84	100	97⅝	98⅛	−0⅛	−0⅛	10.36
Warner-Lambert 9 84	100	95½	96	−0⅜	−1⅜	10.34

Average price changes... On day −0⅜ on week −0⅞

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Akzo 9 90	125	103	103¼	+0⅛	+1¼	8.48
Asian Dev. Bank 10 90	200	108⅞	109⅜	0	−0⅛	8.56
Australian 8¾ 90	250	102	102½	+0⅛	+0⅛	7.76
BFCE 7¾ 87	100	99	100	+0⅛	0	7.84
BFCE 8¼ 95	100	99⅛	100⅛	+0⅛	+0½	8.15
Brazil 8 87	150	93½	94⅛	+0⅛	0	9.23
[illegible] 7 91	150	93	94	0	−0⅞	7.91
Council of Eur. 7¾ 89	100	94⅞	95⅜	+0⅛	+0⅜	8.01
Denmark 7⅞ 86	100	98	99	+0⅛	0	8.20
Denmark 8¼ 92	100	99½	100½	+0⅛	0	8.28
EEC 7¾ 94	225	98⅜	99⅛	0	+0⅛	7.99
EIB 7½ 89	200	97½	98½	−0⅛	0	7.88
[illegible] of 8 86	150	99¼	99⅞	+0½	+0⅛	8.09
Kobe, City of 7⅛ 89	150	95¾	96½	+0⅛	+0⅛	7.72
Neder. Gasunie 8 86	100	102⅛	102⅞	+0⅛	+0⅛	7.48
Norway 7½ 85	250	99⅝	100⅜	+0⅛	+0⅛	7.48
[illegible]						

Average price changes... On day +0⅛ on week +0⅛

SWISS FRANC STRAIGHTS

[illegible]

Average price changes... On day −0⅛ on week +0⅛

YEN STRAIGHTS

[illegible]

Average price changes... On day −0⅛ on week +0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10⅜ 86 C$	60	96⅜	96⅞	0	+0½	11.51
CIBC 13½ 85 C$	50	105	105½	0	−0⅛	12.00
Cr. Foncier 10⅜ 84 C$	30	†92	93	0	−0½	12.74
Fst. Can. Inv. 10 84 C$	50	94⅝	95⅛	0	0	11.70
GMAC 12 85 C$	50	†99	99½	−0½	−1	12.21
Quebec 10⅜ 86 C$	50	93	95	0	−0½	11.71
R. Bk. Canada 10 86 C$	40	94	94½	−0⅛	−0⅛	11.38
R. Bk. Canada 10 94 C$	40	88	88½	0	−0⅛	11.75
Tordom Cpn. 13½ 85 C$	30	104½	105	−0⅛	−0⅛	12.14
M. Bk. Dnmk. 9 91 EUA	25	94¼	96	−0⅛	−0⅛	9.67
SOFTE 8¾ 89 EUA	40	86¾	88	−0⅛	−0⅛	10.51
U. Bk. Nrwy. 9½ 90 EUA	18	97⅝	99	−0⅛	0	9.75
Algemene Bk. 8¾ 84 Fl	75	96⅝	97⅛	+0⅛	+0⅛	9.16
Ned. Gasunie 8¾ 84 Fl	50	99⅝	100⅜	+0⅛	+1⅛	8.71
Ned. Middbk. 8¾ 84 Fl	75	96⅞	98⅛	+0⅛	+0⅛	9.50
Norway 8⅞ 84 Fl	100	97⅛	97⅝	+0⅛	+0½	9.09
Norway 8¾ 84 Fl	100	97⅜	98⅛	+0⅛	+0⅛	8.81
Philips Lamps 8¾ 84 Fl	75	97⅜	98⅛	+0⅛	+0⅛	8.94
Air France 11 84 FFr	120	95	95¾	−0⅛	0	12.44
CECA 14⅜ 86 FFr	150	†94¼	106⅛	0	+0⅛	12.81
Euratom 9¾ 87 FFr	150	84⅞	85⅜	−0⅛	−0⅛	13.11
Finland 11 84 FFr	80	94	94½	−0⅛	0	12.73
Finland 11½ 89 FFr	70	92½	93¼	0	+0½	12.78
Gaz de France 11 84 FFr	150	94⅝	94⅞	−0⅛	+0⅛	12.67
IBM France 11⅞ 84 FFr	120	96⅞	98⅛	−0⅛	−0⅛	12.58
Renault 9¾ 85 FFr	100	86⅝	87⅜	−0⅛	−0⅛	13.46
Saint-Gobain 9¾ 86 FFr	130	85½	86½	−0⅛	+0⅛	13.31
Solvay et Cie 9¾ 87 FFr	125	84	84⅝	−0⅛	+1⅛	13.36
Beneficial Fin. 14¼ 90 £	20	100⅛	100⅝	−0⅛	−0½	14.16
Citicorp O/S 13½ 90 £	50	98¼	99½	+0⅛	−1⅛	13.63
EIB 11½ 91 £	25	90⅜	91½	−0⅛	−1⅛	13.13
Fin. for Ind. 12½ 89 £	30	96¼	97¼	0	−0⅛	13.13
Fin. for Ind. 14½ 88 £	20	102⅝	103⅜	−0⅛	−0⅞	13.80
Gen. Elec. Co. 12½ 89 £	50	96⅞	97⅜	0	−0⅛	13.04
Swed. Ex. Cr. 15¾ 85 £	20	103⅜	104¼	−0⅛	−0⅛	14.08
Indonesia 8¾ 91 KD	7	†93	93⅞	0	0	9.77
Mitsubishi 7½ 84 KD	10	†92¼	93	0	0	9.76
Norges Kom. 7½ 89 KD	12	†93⅜	93⅞	0	0	8.58
Occidental 8¾ 91 KD	7	†90⅜	90⅞	0	0	9.69
Akzo 9¼ 87 LuxFr	500	94¼	95⅛	0	+0⅛	10.28
Euratom 8 87 LuxFr	500	89⅛	90⅛	−0⅛	0	10.19
Euratom 9⅜ 88 LuxFr	500	97⅛	98⅜	−0⅛	−0⅛	10.09
EIB 9¾ 88 LuxFr	600	97⅛	98⅛	−0⅞	+0⅛	10.14
Volvo 9¾ 87 LuxFr	500	96¾	97¾	−0⅛	+0⅛	10.27

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish. Bk. 5¾ 87	0¼	97¼	98¼	2/7	15½	15.43
Banco di Roma Int. 6 87	0¼	100¼	100⅞	26/10	15.31	15.22
Bank of Ireland 5¾ 89	†0¼	98¼	98¾	21/8	11.81	11.99
Bank of Tokyo 5¾ 89	†0¼	97⅞	98⅛	25/10	16.56	16.92
Barclays O/S Inv. 5 90	0¼	98	98½	13/12	9⅝	9.80
Bergen Bk. A/S 6 88	†0¼	97	97½	29/8	10	10.28
Bque. Indo Suez 5¾ 89	0¼	98⅛	98¾	11/7	14.69	14.86
Citicorp O/S F. 6 94	†0⅛	98¾	99¼	8/9	10⅛	10.23
Citicorp O/S F. 83	$†0	99¼	99¾	23/8	10.19	10.24
Citicorp O/S F. 84	†0	98⅛	98⅝	30/8	9.81	9.98
C. Itoh 5⅞ 87	0¼	101	101½	18/8	18.44	19.20
Co-operative Bk. 6 86	0¼	98⅛	98⅞	15/11	11.44	11.61
Creditanstalt 5½ 91	$†0¼	97½	98	14/9	9.44	9.65
CNT 5¾ 86	0¼	101½	102	16/10	18⅛	17.81
GZB 5½ 89	†0¼	98½	99	1/8	15⅛	15.44
Jugobanka 8 89	0⅞	90	92	23/11	11⅛	12.77
Ind. Bank Japan 5¾ 87	0¼	101¼	101¾	15/10	18¾	18.47
LTCB Japan 5⅞ 86	0¼	98½	99	13/12	9⅝	9.75
[illegible]						

CONVERTIBLE BONDS

[illegible]

هكذا من الأصل

Unilever in talks to sell cocoa offshoot

By Our Amsterdam Correspondent

UNILEVER, the Anglo-Dutch food, detergents and consumer products group, is discussing the sale of Bensdorp, a subsidiary which makes cocoa and chocolate products, to the French group, Cacao Barry.

In a separate development, Unilever said that a dispute with Emery Industries of the U.S. over the two companies' joint subsidiary, Unilever-Emery, would lead to changes in the co-operation agreement between the two.

Unilever and Barry have begun preliminary discussions aimed at the acquisition by Barry of Bensdorp's operations in Bussum, in the Netherlands. It is not yet certain whether agreement will be reached. The workforce and trade unions have been informed of the talks.

Two Bensdorp companies in Kleef, West Germany, and Vienna are not involved. Bensdorp has a workforce of 250 in the Netherlands.

Barry is one of the largest cocoa processors in the world, with plants in France, Belgium, Italy, the U.S., Brazil and West Africa.

The long-term future of the Bussum factory, which makes industrial cocoa products, will be adversely affected by the tendency for producer countries to set up their own processing plants.

Unilever and Emery Industries have been unable to solve their differences of opinion within the present co-operation framework. So they are now seeking to change the form of their agreement. In a statement, Unilever pointed out that Emery was acquired in May 1978 by National Distillers and Chemical Corporation of the U.S., apparently suggesting that this might be the reason for the dispute.

Unilever-Emery makes and sells more than 300 fatty acid-based oil chemicals. It exports 75 per cent of its annual sales of Fl 210m ($105m) and has a workforce of 650.

Dutch retailer in mail order takeover talks

BY CHARLES BATCHELOR IN AMSTERDAM

DUTCH RETAILER, Vroom en Dreesmann (V en D) is holding takeover talks with a group of European mail order companies. The negotiations are expected to be completed within a few weeks, a spokesman for V en D said yesterday.

The compaines involved are Keurkoop in the Netherlands, Concordia Mail of Belgium, Inter-Selection of France and Kurfuerst of West Germany, Austria and Switzerland. A Dutch publisher, Lekturama, as well as two educational companies in the Netherlands and Belgium are also taking part in the talks. Together they employ a workforce of nearly 1,250.

The companies operate independently but have a co-ordination office in Rotterdam which is handling the negotiations. V en D declined to reveal any of the financial detail involved in a possible takeover or the turnover of the companies. They operate at a profit, though, the spokesman said.

Mail order is a new activity for V en D, which has been expanding rapidly out of conventional retailing and into the service sector over the past few years. The company reported a rise in sales and profit levels for last year, though the rate of increase slowed.

Operating profit was 8 per cent higher at Fl 267m ($138m) on sales which were 16 per cent up at Fl 6.5bn ($3.35bn). Pre-tax profit was an unchanged Fl 142m. After-tax profit was 12 per cent higher at Fl 112m on an historical cost basis.

On the basis of replacement costs pre-tax profit fell 5 per cent to Fl 111m, although the after-tax profit was 10 per cent higher at Fl 95m. The return on shareholders' equity fell to 11 per cent from 13 per cent.

Operating profit this year is expected to be maintained, though the result of individual divisions will vary sharply. V en D's foreign activities will play an increasing role. The economic decline in the U.S. will have only a limited effect on trading, since they are based in the relatively less vulnerable States.

V en D plans a further expansion in the U.S., in Brazil and in the Far East. It foresees growth in both Japan, where it recently announced links with a local retailing group.

● Yesterday's tender in six-month promissory notes raised Fl 317.2m nominal at a discount of 10 per cent, the Dutch Treasury said. The issue, the first of its kind for seven years, provides a yield of 10.57 per cent.

SIR threatens to shut plants

BY PAUL BETTS IN ROME

THE ITALIAN chemical group, Societa Italiana Resine (SIR), which is on the verge of financial collapse, said yesterday that it proposed to shut down operations at all its plants before the end of this month.

In a letter to Sig. Francesco Cossiga, the Prime Minister, and to Italian economics ministers, SIR, Italy's third largest chemical concern, said that it could no longer pay the June wages of its employees. Moreover, it could not buy the necessary raw materials or pay for essential services to operate its plants.

Unless the authorities intervened promptly, the company warned it would have to close down its plants.

SIR, which has been involved in a complex rescue programme for the past 18 months, owns several major plants in the depressed island of Sardinia. A total shutdown would have major repercussions on employment in one of the poorest regions of Italy.

SIR's announcement, which immediately provoked angry reactions from the trade unions, comes only days after the chemical group reported overall losses of L847bn ($1.1bn) for 1979. It underlines the mounting crisis now afflicting the Italian chemical industry as a whole.

The Government is now expected to introduce wide-ranging measures to reorganise the troubled chemical industry. These are likely to include giving Ente Nazionale Idrocarburi (ENI), the state hydrocarbons group, control of the industrial activities of SIR and Liquichimica, another ailing chemical company.

ENI was called some years ago to enter into a salvage operation to rescue a number of subsidiaries of the now dismantled Italian state minerals agency, EGAM. The rescue proposals for the chemical industry, however, are at the centre of a fierce debate between Cabinet ministers and rival political factions.

● Sit-Siemens, the Italian telecommunications company, has told the FLM metalworkers' union that it plans to lay off 20,000 of its 30,000 workers for periods of four to 23 weeks starting in September because of a sharp cut in investments by state telephone company SIP, according to the union, Reuter reports from Milan. Last week, a group of companies in the sector told the Government they would seek approval to lay off around 30,000 workers for an indefinite period because of lower orders from SIP.

Enka improves five-month sales

BY OUR FINANCIAL STAFF

A MODEST rise in sales has helped Enka, the fibres division of the Dutch chemical group, Akzo, to keep its profit and loss account in balance for the first five months of 1980.

Sales for the five months have risen by 5 per cent to Fl 1.7bn ($880m), shareholders were told at the annual meeting in Wuppertal. For 1979 Enka reported a net profit of Fl 33m on sales which totalled Fl 3.7bn.

Enka has recently reached agreement in principle for the Dutch Government to inject Fl 150m into its plant at Emmen. The money will be used to modernise and restructure the factory.

The European operations were hit by a rise in costs, but group results so far this year were "favourably influenced" by the unconsolidated Latin American and Indian operations. Chemical fibre exports in the five months were 6 per cent lower at 174,000 tonnes, because of a fall in Enka Glanzstoff activities and at its Spanish operation, La Seda de Barcelona.

The company felt unable to give second half prospects because of uncertainty over the length of this summer's lull in demand and the timing and degree of the expected autumn recovery. A sales fall in the textiles sector was already noticeable and the West German textile industry expected a "marked cooling" in the second half of 1980. A crisis still faced European synthetic fibre manufacturers as a result of increasing chemical fibre imports from the U.S. and increasing imports of finished textile goods from non-EEC countries.

● Shell Nederland Chemie expects to show a loss this year following depressed sales, having made a profit last year of over Fl 100m. A downturn in the motor, textile and building industries has affected sales.

Cheap chemical imports from the U.S. and heavy costs related to the start-up of new plant is also putting pressure on the company's results. However, the chemical activities operated around the breakeven point in the first quarter.

As for the refineries, their financial results in the second quarter will be less favourable than in the first.

Turnround at Norwegian Elf Aquitaine

By Fay Gjester in Oslo

ELF AQUITAINE Norge, the Norwegian offshoot of the French oil group, reports pre-tax profits of NKr 990m ($204m) for 1979, compared with a deficit of nearly NKr 3m.

Operating income reached NKr 3.2bn, compared with NKr 1.9bn in 1978. The increase partly reflects last year's steep rise in the prices of oil and gas. Other factors were the start of production on two fields in which Elf has stakes—the Frigg gas field, phase two, and the Tor oil and gas fields.

Danish brewer lifts turnover

By Our Financial Staff

INCREASED sales but reduced profits are reported by the United Breweries group of Denmark for the six months ended March, 1980.

Turnover is 15 per cent higher, adjusting for the disposal of a subsidiary. Profits, however, are lower, largely as a result of special promotional costs outside Denmark and the impact of additional start-up expenditure at a number of new plants.

For the whole of the current year United Breweries expects profits to be at least maintained at the level of 1978-79.

Amev to raise Fl 116m

BY ERIC SHORT

THE one-for-five rights issue proposed by Amev, the Dutch insurance group, is being made at a price of Fl 77.50 per share to raise around Fl 116m ($60m).

The issue is being underwritten by a syndicate of Dutch banks, managed by Pierson, Heldring and Pierson in association with the UK merchant banking group, J. Henry Schroder Wagg. Schroder Wagg, in conjunction with Cazenove, is making arrangements to place a substantial part of its sub-underwriting commitment with UK institutional investors.

Amev, the second largest Dutch insurance group, is seeking to expand its shareholdings outside the Netherlands. It has recently held two presentation meetings in the UK for stockbrokers and institutional investment managers.

Earlier this month, another major Dutch insurance group, Ennia, placed 200,000 shares in the UK out of a total of 270,000, raising £6m, and obtained a London quotation.

Hapag-Lloyd forecasts better year

By Our Financial Staff

A MORE balanced result is promised for 1980 by Hapag-Lloyd, the West German travel and shipping group whose profits last year fell sharply to DM 3.6m ($2.04m) from DM 15.1m.

Developments in the first few months of this year have justified these expectations, the company said yesterday. Hapag is not paying a dividend for 1979 having cut its payment by DM 1.5 to DM 3 a share for 1978.

Hapag said it expected increasing competition this year in its liner operations, after a 7 per cent increase in tonnage in 1979 to 8.20m tonnes. But better results were expected in the dry cargo sector.

Tanker activities will again be disappointing. The ship repair, shipyard and harbour services operations have a "real chance" of improving results in 1980.

Swiss bank issue

Credit Suisse, one of the big three Swiss commercial banks, plans to raise SwFr 160m through the issue of a convertible bond on the Swiss capital market, Our Financial Staff writes. The bond will be for 10 years and carry a coupon of 4½ per cent. It will be priced at par and subscriptions have to be in by July 4. When first mooted for the Swiss market earlier this month the funding was expected to raise SwFr 150m.

French utility scrip

Cie Generale des Eaux, the French water utility, intends to make a scrip issue later this year or early in 1981, AP-Dow Jones reports from Paris. Terms have not yet been fixed, but by increasing its capital by between FFr 300m and FFr 400m ($75m-$100m) the company intends to give itself "a sufficiently broad base" to carry out internal development and acquisitions, both in France and abroad.

هكذا من الأصل

First half earnings surge ahead at Olympus Optical

BY YOYO SHIBATA IN TOKYO

OLYMPUS OPTICAL, the Japanese optical instrument manufacturer, chalked up record earnings for the first half ended April.

Operating profits surged by 90.7 per cent to Y7.5bn ($34.9m), and net profits rose by 84.4 per cent to Y3.7bn. Per share profits rose to Y35.60 from Y21.78 a year earlier.

Sales were Y46.9bn ($21bn) up 32.2 per cent, and exports rose by 41.5 per cent to Y32.4bn to account for 69 per cent of total turnover. Cameras accounted for 51.8 per cent (up 47 per cent) of total sales, medical instruments 16.3 per cent (up 59 per cent) and microscopes for 27.9 per cent (up 24 per cent).

The yen's depreciation in the half year generated Y4bn of exchange gains.

For the current fiscal year, ending October, Olympus expects operating profits to be a record Y14bn, up 23 per cent, net profits Y6.5bn, up 33 per cent, and sales Y96bn, up 18 per cent.

The company plans to increase its interim dividend to Y4.5 a share from Y3.75.

* * *

OKUMA MACHINERY Works, one of Japan's big-five machine tool makers, is to offer 8.4m shares of common stock represented by European Depositary Receipts (EDRS) through an international selling group. The group will be managed by Nomura Europe and Morgan Grenfell and Co., who will underwrite the full amount of the issue.

The EDR's will be issued by Citibank, N.A. as the depositary, initially in the denomination of 10,000 shares, and will be priced in U.S. dollars at a level representing a discount on the closing price of the ordinary shares on the Tokyo Stock Exchange on, or immediately ahead of July 1. Last night, the shares closed at Y645.

Kyoto Ceramic doubles profit

BY OUR FINANCIAL STAFF

KYOTO CERAMIC COMPANY, the Japanese manufacturer of ceramic products for the electronics industry, more than doubled its consolidated net profits in the year to March 31, to Y14.49bn ($66.8m), from Y7.11bn in the previous year. Per share profit was Y201.31, against Y106.57.

Sales increased by 92.2 per cent to Y114.16bn ($526m), with the number of subsidiaries included in the results having risen to 14, from eight in the previous year.

Kyoto Ceramic attributed the sharp improvement in the results partly to a steep increase in earnings at its U.S. subsidiary, Kyocera International, arising mainly from sales of integrated circuit (IC) packages.

The performance was aided by the addition of Cybernet Inc of Japan and its affiliates, taken over by the company last year. These manufacture electronic devices, and their consolidated sales last year amounted to Y11.91bn, accounting for 10.4 per cent of Kyoto Ceramic's overall consolidated sales.

The company expects net income on a consolidated basis in the year ending March next year to rise to Y17.10bn on sales of Y150bn.

Philippines loan plan confirmed

BY LEO P. GONZAGA IN MANILA

THE PHILIPPINES Central Bank has confirmed that it is to return to the international capital markets for a further $100m as part of its 1980 foreign borrowing programme.

Mr. Gabriel Singson, the senior deputy governor at the bank, said the decision reflected the recent downward trend in foreign interest rates and a consequent increase in demand for loans among domestic users of the funds raised under the bank's programme.

Under last year's programme a syndicated loan of $500m was organised, but in February this year a similar sized credit was abandoned in favour of a $200m club deal because of rising interest rates.

The $200m 10-year credit included a [illegible] point spread over the London interbank offered rate, a half per cent commitment fee and a [illegible] per cent participatory fee and Mr. Singson is confident of winning the same terms, except for maturity, on the current $100m proposal.

He said that at least seven banks, one of them Arab, had offered to participate in the latest credit. He pointed out that 10-year money was not now readily available.

Pao rejects general bid for Wharf

By Our Hong Kong Correspondent

HONG KONG's voluntary takeover code was put to the test yesterday when Sir Yue-kong Pao, the shipping magnate, announced that "at this stage" his World International group would not make a general bid for the issued share capital of Hong Kong and Kowloon wharf.

The announcement came after the close of the stockmarket, and one day after the Committee on Takeovers and Mergers had told Sir Yue-kong he should bid for the 51 per cent of Wharf that will still be outstanding after he has increased his stake to 49 per cent on Monday, from 30 per cent at a cost of just over HK$2bn (over U.S.$400m).

Following Sir Yue-kong's statement, issued through Wardley, the merchant bank, Hongkong Land announced that its rival bid to acquire 49 per cent of Wharf had lapsed, and the Committee on takeovers said it would meet again today.

The takeover code here is voluntary, and it specifies that a 50 per cent shareholding is proof that control has been acquired. However, the committee pointed out on Monday that control could be acquired with less than half the shares since "other factors may be taken into account."

Wardley claimed on behalf of Sir Yue-kong that the status quo was under threat from Hongkong Land's proposal and added: "It is not Sir Y. K. Pao's intention at this stage to make a general offer for the outstanding shares of Wharf."

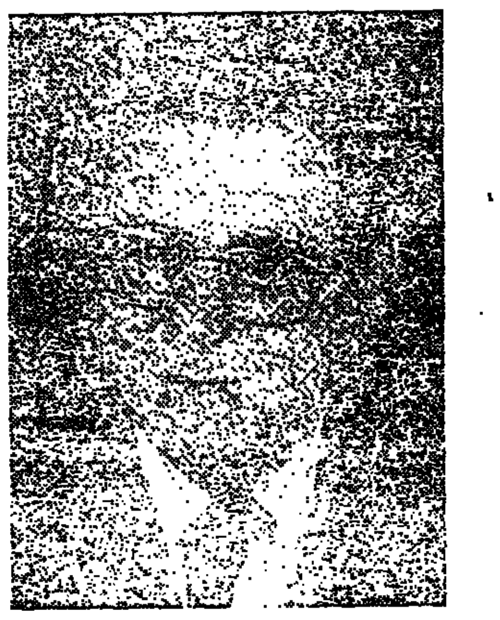
Earlier Wardley had announced that the Pao offer had been oversubscribed, with double the number of acceptances required.

Wardley said that payment in cash had been completed. Most acceptances came from small shareholders. A bank official declined to say whether any of the acceptances had come from Hongkong Land.

The Hongkong Land admission of defeat said that its offer had been made subject to certain conditions, one of which was that no other offer was made.

World International, the company through which he made his bid, was down 17.5 cents at HK$4.075, while Hongkong Land was unchanged at HK$ 12.80. Wharf remained suspended.

Mining dominates export-led boom



The following is an abridged version of the address by Mr. D. A. Etheredge, President of the Chamber of Mines of South Africa, at the 90th Annual General Meeting of the Chamber in Johannesburg on 24th June, 1980:

The value of South African mineral sales, including gold, increased by 42.1 per cent in 1979 to total R9 768 million, while mineral exports increased by 45.5 per cent to total R8 500 million.

The mining industry's share, including processed minerals, of total South African exports rose from about 68 per cent in 1978 to approximately 73 per cent last year, reflecting one facet of the resurgence of mining as the dominant factor in the national economy.

While some minerals performed more spectacularly than others, sales of practically all our minerals increased appreciably in value last year and some, notably coal, iron ore and manganese, increased in volume as well. The individual roll-call is impressive, with the value of gold sales up 49.8 per cent, silver 153.3 per cent, diamonds 22.8 per cent, antimony concentrates 98.8 per cent, coal 30.8 per cent, copper 40 per cent, fluorspar 29.6 per cent, iron ore 33.7 per cent, manganese 52.1 per cent and a range of other minerals, including uranium and platinum, up 38.9 per cent.

COAL

World demand for coal increased sooner than most projections had indicated, due, among other things, to the unexpected speed at which some countries were able to convert from oil to coal for part of their energy needs.

Two new coal mines were opened in the course of the year. Contracts which will lead to the development of a further three mines to supply new power stations were awarded by the Electricity Supply Commission. In addition two mining groups announced that they were examining the possibility of producing liquid fuel from coal.

URANIUM

The production of uranium oxide continued to rise substantially during 1979 as members of the Nuclear Fuels Corporation, the Chamber's uranium marketing organization, increased their combined output of uranium oxide by approximately 1 000 tonnes to 5 540 tonnes. This is 22 per cent above production in the previous year.

In the past year we have seen a continued decline in the world demand for uranium with a resulting weakening of the price. It is impossible to foretell how long this position will continue. Nevertheless, in company with many others who are concerned with securing the world's future energy needs, we continue to place our confidence in nuclear power as an expanding source of energy. I have no doubt that the steps which the industry has taken to expand production and to maintain our position as one of the world's major suppliers of uranium will in due course be fully justified. Meanwhile the industry—consisting for the most part of by-product producers—is better placed than most to withstand the present weak state of the uranium market.

THE GOLD MARKET

The substantial increase in the gold price had an adverse effect on the demand for gold used in the fabrication of jewellery. Gold usage in this area declined from 1 007 tons in 1978 to 737 tons in 1979, once again reflecting a price-elastic response to the higher gold price.

In view of the importance of the demand for gold by the jewellery industry it is considered that every effort should be made to ensure that the new price levels do not lead to a further drop in quantity of gold used in jewellery fabrication. It was decided therefore that the Chamber's gold promotion and marketing arm, the International Gold Corporation, should take steps to assist the gold jewellery industry.

Although the substantially higher gold price has affected the volume of Kruggerand sales which fell from just over 6 million coins in 1978 to just under 5 million in 1979, it is reassuring to note that the revenue earned from Krugerrand sales continues to increase, the 1979 figure at R1 330 million being R 286 million more than the 1978 total of R1 044 million.

There is no doubt that at the current gold price the Kruggerand is beyond the reach of many people and that it is no longer able to fulfil one of its most important objectives, namely that of providing the man in the street with an easily attainable and affordable vehicle to own gold. The Chamber therefore decided, and the Government agreed, to add to the present range of three other gold coins containing, respectively, one half, one quarter and one tenth of an ounce of gold. All three will be legal tender coins with no face value and we expect them to be available towards the end of 1980.

The major growth in demand for gold in 1979 was due to increasing speculative and investment interest. The poor economic performance of the major countries and of various investment assets caused a shift of investor preference to investment in gold and other commodities as a proportion of balanced portfolios.

Uncomfortably high levels of inflation, the relative weakness of the United States dollar and economic uncertainty about the availability and price of oil together with political disturbances in several areas of the world contributed to the investor demand for gold. A particularly important element was the growing desire of large holders of U.S. dollars to diversify a portion of their holdings into other investments. While the rapid rise in the gold price in late 1979 largely reflected this type of demand, speculative activity in mid-January 1980 reached unprecedented heights, forcing the gold price to $850 an ounce.

The subsequent decline in the price was encouraged by increased U.S. interest rates, the financial problems encountered by speculative operators in the gold and other precious metals markets, the increasing amount of physical metal dishoarded on to the markets by profit-takers, and the growing realization that the U.S. economy was moving into a recessionary phase.

After some consolidation around $500 the price recently showed renewed activity. I expect that the gold price will continue to be affected by the various factors I have mentioned and that consequently it will remain a barometer of the world's economic and political problems.

The past year was marked by signs that the de facto remonetization of gold is continuing. For example, the activity of central banks in the gold markets has become more pronounced as a result of the desire to transfer at least a portion of assets from U.S. dollar holdings. A growing number of central banks have effectively remobilized their gold reserves by revaluing them at market related prices and gold is increasingly being used as collateral for international loans. Furthermore gold sales, of which the United States gold auctions are the major example, have been arranged for balance of payments purposes or to support currencies; and national gold reserves have been used for the minting of official gold coins, as in the case of Canada.

The remonetization of gold is further illustrated by the fact that the gold reserves held by central banks and official monetary institutions now exceed in value the official foreign exchange reserves held by these bodies. Gold has clearly reassumed its role as the most important international reserve asset. Some indication of the future role for gold within the international monetary system has been provided by the use of the pooled gold reserves in the European Monetary System and by the suggestions that gold be used in the proposed I.M.F. substitution account.

SAFETY

Encouraging news in the field of safety is that in spite of significantly increased mining activity, the steady reduction in the reportable injury rate has been maintained. Despite a marginal increase in the fatality rate for coal mines, the casualty rates, which embrace fatalities and reportable injuries, in respect of all classes of the Chamber's member mines, reached their lowest levels ever in 1979.

Three of our gold mines, namely President Brand, Western Areas and President Steyn, were awarded the maximum of five stars in terms of the International Mine Safety Rating scheme. A further two gold mines, Elandsrand and Randfontein Estates, and two platinum mines, Wildebeestfontein North and Bafokeng South, achieved creditable four-star ratings.

So far as is known, no participating mines in other countries have achieved more than three-star status under the scheme which sets standards for safety work and measures the adherence to these standards.

LABOUR

It is now generally acknowledged that South Africa's capacity for economic expansion and growth is limited by a major physical constraint, namely the acute shortage of skilled and professional manpower. The tragedy is that this situation is found in a country with immense manpower reserves.

The problems of the mining industry cannot be overstated. Between the fourth quarter of last year and the end of the first quarter of this year the shortage of all categories of skilled personnel among the Chamber's member mines increased from about 1 000 to about 1 600. This shortfall is nearly equivalent to the entire complement of skilled personnel required to man two medium-sized gold mines employing perhaps 20 000 people.

The average number of all employees on gold and coal mines, members of the Chamber, increased from 497 000 in 1977 to 514 000 in 1978 and to 527 000 in 1979, reflecting the increased activity in mining. This trend in employment will continue as new mining projects, some already announced and others still being evaluated, reach the development stage.

The enhanced ability of the industry to offer employment in a sub-continent where population growth is fast outstripping the provision of job opportunities is clearly of enormous importance, especially to those countries and territories in the region which have little employment potential outside of subsistence agriculture.

THE OUTLOOK

South Africa is experiencing an export-led boom with mining playing the predominant role. There has also been a return of business confidence inspired to a large extent by hope of a progressive abandonment of outdated political philosophies and practices. It is important to secure these twin bases of the present economic revival.

It is vital firstly to maintain a vigilant watch on cost increases. Secondly, South Africa must reinforce the image it has established as a reliable supplier of minerals.

Finally, the State must create a framework to assist future mining development if the industry is to continue to maintain its position in world markets and ensure that the economy progresses at a rate which will permit the aspirations of all sectors of the population to be satisfied. This calls for the creation of conditions that will attract substantial capital investment and in particular an educational system that will produce the human skills required to carry out the new projects.

The full text of this address may be obtained from the General Manager, Chamber of Mines of South Africa, 5 Hollard Street, Johannesburg, 2001.

No obligation to observe listing rules, says court

BY JAMES FORTH IN SYDNEY

THE New South Wales Supreme Court has found that listed companies are under no obligation to comply with the listing requirements of Australian stock exchanges. This follows a decision in April in the Victorian Supreme Court that the listing requirements did not apply to unlisted companies, even where their actions affected listed companies. The decision came from one of the legal battles which have arisen out of the struggle for control of the NSW coal group, White Industries.

Design Build Australia, a company associated with Mr. G. R. White, the chairman of White, took action against Endeavour Resources, a member of the Bond group of companies, which claims to hold 43.5 per cent of White's capital and is seeking control with a partial takeover bid. It obtained injunctions in the NSW Supreme Court preventing Endeavour from dealing in or registering shares, and restraining Sydney Stock Exchange from listing the shares. Design Build claimed there had been breaches of the exchange listing requirements on takeovers, relating to acting in concert. Endeavour sought the removal of the injunctions on the grounds that companies which have their shares listed on an exchange have no obligation to comply with the listing requirements.

Mr. Justice Powell ruled this week in the Equity court, a division of the NSW Supreme Court, that the Securities Industry Act contained no obligation to comply. For there to be an obligation to comply it would need to be imposed in the application forms for listing, but it was not. Mr. Justice Powell dissolved the injunctions but ordered a stay until Friday to allow for any appeal.

The ruling throws doubt on the right to suspend trading or de-list shares, which would be a powerful deterrent in many cases. Moreover, the proposed new National Securities Industry Act which is scheduled to be adopted by all states later this year contains a section which specifically states that if a company's shares are listed on an exchange, then the company is under an obligation to comply with the listing requirements.

CURRENCIES, MONEY and GOLD

Dollar steady

The dollar improved slightly in very quiet foreign exchange trading, showing little reaction to the U.S. consumer price index for May. It rose to DM 1.7690 from DM 1.7670 against the D-mark, and to SwFr 1.6375 from SwFr 1.6335 in terms of the Swiss franc. The dollar's trade-weighted index, on Bank of England figures, rose to 83.4 from 83.3.

Sterling's index fell to 73.7 from 73.8, after opening at 73.8, and easing to 73.7 at noon. The pound declined on continued fears of a cut in Bank of England Minimum Lending Rate. It opened at $2.3365-2.3375, and touched $2.3375-2.3385, falling to $2.3335-2.3345, before closing at $2.3355-2.3365, a fall of 60 points on the day.

D-MARK — Slightly weaker within the European Monetary System recently, but showing a firmer tendency against the dollar following a sharp narrowing of Euro-currency interest rate differentials—The D-mark eased against the French franc and Danish krone at the Frankfurt fixing, but improved slightly against most other members of the EMS. The French currency rose to DM 43.09 per 100 francs from DM 43.075, and the krone to DM 32.26 per 100 krone from DM 32.23. The Belgian franc was unchanged at DM 6.249 per 100 francs, while the Dutch guilder eased to DM 91.25 per 100 guilders from DM 91.265, and the Italian lira to DM 2.113 per L1,000 from DM 2.115. The dollar rose to DM 1.7684 from DM 1.7660, and there was no intervention by the Bundesbank at the fixing.

ITALIAN LIRA—Weakest member of EMS, after rising to the top of the system in February, and remaining firm for most of last year—The lira was generally weak at the Milan fixing, losing ground to the French franc, D-mark, Danish krone, and Irish punt. It was little changed against sterling at L1,955.20 compared with L1,955.25, but the dollar improved to L837.05 from L835.05.

DUTCH GUILDER—Very firm near the top of EMS, despite recent cut in the Dutch central bank discount rate—The guilder showed mixed changes at the Amsterdam fixing. The French franc rose slightly to DFl 47.20 per 100 francs from DFl 47.18, while the D-mark eased to DFl 1.09615 from DFl 1.0963. The dollar improved to DFl 1.9380 from DFl 1.9355, but sterling fell to DFl 4.5240 from DFl 4.5310.

DANISH KRONE—Steadier within the EMS recently following two devaluations in 1979—The krone lost ground against most major currencies at the Copenhagen fixing, and was generally mixed against EMS members. The French franc rose to DKr 1.3381 from DKr 1.3375, but the D-mark eased to DKr 3.1053 from DKr 3.1054. The Belgian franc was unchanged at DKr 19.41, and the Dutch guilder at DKr 2.8340. Outside the EMS, the dollar was fixed at DKr 5.5020, compared with DKr 5.4820, and sterling at DKr 12.8420 against DKr 12.8240.

JAPANESE YEN—Energy and balance of payments problems reflected in sharp decline last year. More recently lower U.S. interest rates have helped the yen recover—The yen eased slightly against the dollar, after the sharp gain on Monday following the Liberal Democratic Party's election victory. The dollar improved to Y216.875 from Y215.40, after touching a peak of Y216.90. Hopes of encouraging figures on U.S. consumer prices and trade this week helped the dollar in moderate Tokyo trading.

THE POUND SPOT AND FORWARD

June 24	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.3335-2.3385	2.3355-2.3365	1.72-1.62c pm	8.58	4.22-4.12 pm	7.14
Canada	2.6830-2.6870	2.6850-2.6870	1.21-1.11c pm	5.16	3.40-3.30 pm	4.99
Nethlnd.	4.52-4.55½	4.52½-4.53½	3¼-2¼c pm	7.78	7¾-6¾ pm	6.07
Belgium	66.00-66.70	66.03-66.13	21-11c pm	2.90	45-35 pm	2.42
Denmark	12.80-12.87	12.80½-12.81½	½ore pm-1 dis	−0.12	3½-5½ dis	−1.40
Ireland	1.1000-1.1050	1.1017-1.1027	0.02p pm-0.02 dis	—	0.20-0.15 pm	0.63
W. Ger.	4.12-4.15	4.12¾-4.13¾	3½-2½pf pm	8.71	8¼-7¼ pm	7.50
Portugal	114.10-115.00	114.40-114.60	20c pm-10 dis	0.52	50pm-75dis	−0.44
Spain	163.70-164.25	163.85-164.05	25c pm-20 dis	0.18	35-90 dis	−1.52
Italy	1,953-1,961	1,955-1,957	4-6 lire dis	−3.07	15¾-17¾ dis	−3.42
Norway	11.33½-11.38	11.34½-11.35½	7½-6½ore pm	7.40	17½-15½ pm	5.88
France	9.58-9.63	9.59-9.60	4½-3½c pm	5.16	10¾-9¾ pm	4.06
Sweden	9.73-9.76½	9.73½-9.74½	4½-3½ore pm	4.93	6¾-5¾ pm	2.44
Japan	504-508	505½-506½	2.05-1.70y pm	4.45	6.25-5.90 pm	4.80
Austria	29.30-29.50	29.30-29.35	19-15gro pm	6.96	48-41 pm	6.07
Switz.	3.81-3.84	3.82-3.83	4½-3½c pm	12.55	10¾-9¾ pm	10.85

Belgian rate is for convertible francs. Financial franc 66.75-66.85. Six-month forward dollar 6.65-6.60c pm, 12-month 9.50-9.40c pm.

THE DOLLAR SPOT AND FORWARD

June 24	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.3335-2.3385	2.3355-2.3365	1.72-1.62c pm	8.58	4.22-4.12 pm	7.14
Ireland†	2.1135-2.1210	2.1180-2.1200	1.62-1.52c pm	8.89	4.18-4.08 pm	7.80
Canada	1.1490-1.1499	1.1491-1.1494	0.30-0.35c dis	−3.39	0.63-0.68dis	−2.26
Nethlnd.	1.9370-1.9420	1.9385-1.9400	0.24-0.34c dis	−1.79	0.47-0.57dis	−1.07
Belgium	28.28-28.38	28.28-28.30	13-15c dis	−5.94	32-35 dis	−4.73
Denmark	5.4795-5.4990	5.4860-5.4875	4-4½ore dis	−9.29	11¾-12¾ dis	−8.75
W. Ger.	1.7675-1.7740	1.7685-1.7695	par-0.10pf dis	−0.34	0.14-0.04 pm	0.25
Portugal	48.95-49.12	48.95-49.05	30-40c dis	−8.57	70-120 dis	−7.75
Spain	70.13-70.22	70.13-70.19	47-60c dis	−9.15	145-165 dis	−8.84
Italy	836.50-838.30	837.10-837.50	7½-8½ lire dis	−11.46	21-23 dis	−10.51
Norway	4.8570-4.8625	4.8595-4.8610	par-0.50ore dis	−0.62	0.60-1.10dis	−0.70
France	4.1030-4.1155	4.1070-4.1090	1.23-1.33c dis	−3.74	3.20-3.40dis	−3.21
Sweden	4.1685-4.1745	4.1715-4.1725	1.45-1.60ore dis	−4.39	5.00-5.15dis	−4.86
Japan	216.55-217.05	216.65-216.75	0.75-0.90y dis	−4.57	1.25-1.40dis	−2.44
Austria	12.56-12.59½	12.56-12.57	1.80-2.40gro dis	−2.00	3.00-4.75dis	−1.23
Switz.	1.6320-1.6390	1.6370-1.6380	0.53-0.50c pm	3.96	1.66-1.53 pm	3.96

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

June 24	Bank of England Index	Morgan Guaranty Changes%
Sterling	73.7	−32.2
U.S. dollar	83.4	−10.3
Canadian dollar	81.7	−16.1
Austrian schilling	156.6	+24.5
Belgian franc	115.9	−14.3
Danish kroner	107.4	−5.9
Deutsche mark	155.3	+44.3
Swiss franc	197.4	+78.7
Guilder	125.6	+19.6
French franc	101.6	−5.7
Lira	53.1	−51.1
Yen	131.0	+29.2

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

CURRENCY RATES

June 23	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	17	0.565075	0.608701
U.S. $	11	1.32284	1.42485
Canadian $	10.67	1.52087	1.63736
Austria Sch	6¾	16.6122	17.8961
Belgian F.	14	37.4033	40.2911
Danish K	13	7.24718	7.80573
D'Mark	7½	2.33614	2.51628
Guilder	9½	2.56031	2.75850
French Fr.	9½	5.42464	5.84187
Lira	15	1104.57	1189.76
Yen	9	285.072	307.197
Norwgn. Kr.	9	6.41874	6.91122
Spanish Pts	8	92.6795	99.8318
Swedish Kr.	10	5.50301	5.93092
Swiss Fr.	3	2.15623	2.32250

OTHER CURRENCIES

June 24	£	$		£ Note Rates
Argentina Peso	4300-4320	1843-1850	Austria	29.15-29.45
Australia Dollar	2.0180-2.0220	0.8645-0.8650	Belgium	66.20-66.80
Brazil Cruzeiro	119.85-120.85	51.445-51.645	Denmark	12.74-12.84
Finland Markka	8.504-8.512	3.6395-3.6410	France	9.52-9.58
Greek Drachma	100.066-102.392	42.75-42.95	Germany	4.10½-4.14
Hong Kong Dollar	11.48½-11.50½	4.9190-4.9210	Italy	1915-1970
Iran Rial	n/a	n a	Japan	505-510
Kuwait Dinar(KD)	0.620-0.626	0.2670-0.2671	Netherlands	4.51-4.54½
Luxembourg Frc.	66.03-66.13	28.28-28.30	Norway	11.30-11.39
Malaysia Dollar	4.9945-5.0045	2.1385-2.1405	Portugal	112-116¾
New Zealand Dlr.	2.3625-2.3675	1.0120-1.0130	Spain	158¾-165¾
Saudi Arab. Riyal	7.74-7.80	3.3290-3.3310	Sweden	9.70-9.78
Singapore Dollar	4.9410-4.9510	2.1160-2.1180	Switzerland	3.80½-3.83½
Sth. African Rand	1.8035-1.8045	0.7720-0.7725	United States	2.33-2.339
UA.E. Dirham	8.61-8.67	3.7010-3.7030	Yugoslavia	62½-67

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU June 24	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	40.2561	+1.17	+0.39	±1.53
Danish Krone	7.72336	7.80509	+1.06	+0.28	±1.64
German D-Mark	2.48208	2.51595	+1.36	+0.58	±1.125
French Franc	5.84700	5.84173	−0.09	−0.87	±1.3567
Dutch Guilder	2.74362	2.75769	+0.51	−0.27	±1.512
Irish Punt	0.668201	0.670466	+0.34	−0.44	±1.668
Italian Lira	1157.79	1190.82	+2.85	+2.58	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

June 24	PoundSterling	U.S. Dollar	Deutschem'k	Japan'seYen	FrenchFranc	Swiss Franc	DutchGuild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.336	4.133	506.0	9.595	3.825	4.530	1956.	2.686	66.08
U.S. Dollar	0.428	1.	1.769	216.6	4.107	1.637	1.939	837.3	1.150	28.29
Deutschemark	0.242	0.565	1	122.4	2.322	0.926	1.096	473.3	0.650	15.99
Japanese Yen 1,000	1.976	4.617	8.167	1000.	18.96	7.559	8.953	3866.	5.308	130.6
French Franc 10	1.042	2.435	4.307	527.4	10.	3.986	4.721	2039.	2.799	68.87
Swiss Franc	0.261	0.611	1.080	132.3	2.508	1.	1.184	511.4	0.702	17.28
Dutch Guilder	0.221	0.516	0.912	111.7	2.118	0.844	1.	431.8	0.593	14.59
Italian Lira, 1,000	0.511	1.194	2.113	258.7	4.905	1.956	2.316	1000.	1.373	33.78
Canadian Dollar	0.372	0.870	1.539	188.4	3.572	1.424	1.687	728.2	1.	24.60
Belgian Franc 100	1.513	3.535	6.254	765.7	14.53	5.788	6.855	2960.	4.065	100.

FT LONDON INTERBANK FIXING (11.00 a.m. JUNE 24)

3 month U.S. dollars		6 month U.S. dollars	
bid 9 5/5	offer 9 7/16	bid 9 5/16	offer 9 7/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris, and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market Closing Rates)

June 24	Sterling	U.S.Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	18¼-18½	8⅞-9⅛	12½-14½	10⅝-10⅞	1-1¼	9¾-9⅞	12⅛-12⅜	18-20	9[illegible]	14¾-15¼
7 days' notice	17⅞-18⅛	8⅞-9⅛	12½-14½	10⅜-10⅝	5-5⅛	9[illegible]	12⅛-12⅜	21-24	12[illegible]-12⅞	15¾-16
Month	17½-17¾	9-9¼	12⅝-13	10⅛-10⅜	5[illegible]-5¼	9½-9⅝	12⅜-12⅝	20-21½	9[illegible]	13¼-13½
Three months	16¾-17	9⅛-9⅜	11[illegible]-11[illegible]	10⅜-10⅝	5⅝-5[illegible]	9⅛-9¼	12⅜-12⅝	19½-20½	9[illegible]	11⅞-12⅛
Six months	15¼-15½	9¼-9½	10⅛-10⅜	10¼-10½	5[illegible]-5[illegible]	8[illegible]-8[illegible]	12⅜-12⅝	19-20	9[illegible]-9[illegible]	10¾-10⅞
One Year	14-14¼	9¼-9½	10⅛-10½	10-10¼	5-5⅛	8-8⅛	12½-12¾	18-19	9¼-9⅜	9¼-9⅜

Long-term Eurodollar two years 10¼-10½ per cent; three years 10½-10¾ per cent; four years 10⅝-10⅞ per cent; five years 10¾-11 per cent; nominal closing rate. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice. Asian rates are closing rates in Singapore.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 8.85-8.95 per cent; three-months 8.85-8.95 per cent; six-months 8.75-8.85 per cent; one year 8.80-8.90 per cent.

INTERNATIONAL MONEY MARKET

Rates fall again

Interest rates continued to show an easier tendency in most European centres yesterday. In Paris call money was quoted at 12½ per cent compared with 12½ per cent on Monday, while period rates were unchanged. French inflation was slightly reduced after figures released yesterday for May, which showed a rise of 0.9 per cent in the retail prices index, compared with 1.2 per cent in April. This makes an annual rate of 13.66 per cent against 13.9 per cent.

In Frankfurt interbank money rates again showed little movement. Call money was slightly firmer at 9.95-10.10 per cent against 9.90-10.00 per cent, with little change in the longer periods. West German money supply figures for May showed a sharp increase of DM 4bn after a fall in M3 money supply in April of DM 3bn.

In Amsterdam the Dutch Finance Ministry accepted bids of Fl 317.2m for an issue of six-month Treasury notes at a discount rate of 10 per cent. This gives a yield of 10.57 per cent, with payment due tomorrow. In the interbank market call money eased to 10¾-10⅞ per cent from 10⅞-10⅞ per cent and six-month money was lower at 10⅜-10½ per cent against 10⅝-10⅞ per cent on Monday.

Rates continued to show a softer tendency after last Friday's cut in the official bank rate to 9½ per cent from 10 per cent.

In Brussels the rate on four-month bond fund paper was cut by half a point to 14 per cent at the auction, following cuts earlier in the week on Treasury bill rates.

UK MONEY MARKET

Moderate shortage

Bank of England Minimum Lending Rate 17 per cent (since November 15, 1979)

Day to day credit remained in short supply in the London money market yesterday, and the authorities gave assistance on a moderate scale. This comprised small purchases of Treasury bills and local authority bills, all direct from discount houses, and small loans to two or three houses at MLR, for repayment today. The market was faced with the repayment of Monday's small advances, and a small net take up of Treasury bills to finance. On the other hand, banks brought forward balances some way above target.

Discount houses were paying around 16½ per cent for secured call loans for much of the morning, with some later balances possibly taken as low as 15 per cent.

In the interbank market, overnight loans opened at 17½-17¾ per cent and eased in stages down to 16½-16¾ per cent before coming back to 17-17½ during the afternoon. Late balances may have commanded up to 20 per cent.

GOLD

Late rise

Gold rose $5 to close at $603-606 on late demand in the London bullion market yesterday. Trading was very quiet for most of the day, with the metal opening at $599-602, and remaining around that level until the New York Market began. It was fixed at $599.75 in the morning, and $603.00 in the afternoon.

In Paris the 12½ kilo gold bar was fixed at FFr 79,850 per kilo ($604.97 per ounce) in the afternoon, compared with FFr 79,650 ($603.90) in the morning, and FFr 79,250 ($601.08) Monday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 34,290 per kilo ($602.07 per ounce), compared with DM 33,940 ($598.02) previously, and finished at $602-605 against $595-598.

In Zurich gold closed at $602-605, compared with $595-598 on Monday.

	June 24		June 23	
Gold Bullion (fine ounce)				
Close	$603-606	(£258¼-259½)	$595-598	(£254¼-254¾)
Opening	$599-602	(£256½-258)	$595-598	(£254-255½)
Morning fixing	$599.75	(£256.797)	$596	(£254.679)
Afternoon fixing	$603	(£258.023)	$596.50	(£254.697)
Gold Coins				
Krugerrand	$632½-625½	(£266½-268½)	$617-620	(£263¾-265¾)
Mapleleaf	$620½-623½	(£266¼-267¼)	$615-618	(£263-265)
New Sovereigns	$153-154	(£65½-66½)	$151½-152½	(£64¾-65¼)
King Sovs	$176-178	(£75¼-76¼)	$175-177	(£74¾-75¾)
Victoria Sovs	$176-178	(£75¼-76¼)	$175-177	(£74¾-75¾)
French 20s	$155-158		$155-158	
50 pesos Mexico	$743-747		$740-745	
100 Cor. Austria	$590-595		$588-593	
$20 Eagles	$702-705		$702-705	
$10 Eagles	—		—	
$5 Eagles	—		—	

MONEY RATES

NEW YORK

Prime Rate	11½-12
Fed. Funds	8½-8¾
Treasury Bills (13-week)	7.14
Treasury Bills (26-week)	7.13

GERMANY

Discount Rate	7.5
Overnight Rate	10.025
One month	9.975
Three months	9.875
Six months	9.225

FRANCE

Discount Rate	9.5
Overnight Rate	12.375
One month	12.4375
Three months	12.4375
Six months	12.0625

JAPAN

Discount Rate	9.0
Call (Unconditional)	12.625
Bills Discount (three-month)	—

LONDON MONEY RATES

June 24 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Over night	—	16½-20	—	—	—	—	15-17	—	—	—
2 days notice	—	—	17⅝-17⅝	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	17⅝-17⅞	17⅛-17¼	—	18	18	16¾-17	—	—	—
One month	17⅜-17⅜	17½-17⅝	17⅛-17⅝	18¼-18⅝	17⅞	18	16¾	15[illegible]-15[illegible]	17[illegible]	18
Two months	17⅛-17	17⅛-17⅛	—	16¾-17¼	17⅛	—	16½	15[illegible]-15[illegible]	16[illegible]	17[illegible]
Three months	16⅞-16¾	16⅞-17	16⅛-16⅞	16⅞-17¼	17⅛	17½	16-16[illegible]	15[illegible]-15[illegible]	16[illegible]	16¾
Six months	15½-15⅜	15[illegible]-15[illegible]	15¼-15⅝	15⅛-15⅝	15¾	16¼	—	—	14[illegible]-14[illegible]	15⅝
Nine months	14⅜-14	14½-14⅝	—	15⅛-15⅛	14[illegible]	15¼	—	—	—	—
One Year	14-13⅞	14[illegible]-14⅝	13⅞-14¼	14⅛-14⅜	14½	15½	—	—	—	—
Two years	—	—	13⅞-14	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. *Long-term local authority mortgage rate nominally three years 13¾-13⅞ per cent; four years 13¾ per cent; five years 13¾ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 15[illegible] per cent; four-month trade bills 16¾ per cent.

Approximate selling rate for one-month Treasury bills 15[illegible]-15[illegible] per cent; two-months 15[illegible]-15[illegible] per cent; three-months 15[illegible] per cent. Approximate selling rates for one-month bank bills 17[illegible] per cent; two-months 16[illegible] per cent; three-months 16[illegible] per cent; one-month trade bills 17¾ per cent; two-months 17½ per cent and three-months 16¾ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 17½ per cent from June 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 15 per cent. Clearing Bank Rates for lending 17 per cent. Treasury Bills: Average tender rates of discount 15.7339 per cent.

هكذامن الأصل

INTL. COMPANIES & FINANCE

Sumitomo Life opens UK office

By Charles Smith in Tokyo

SUMITOMO Mutual Life Insurance opened this week a representative office in London to watch over its fast-growing European investment portfolio. It is Sumitomo's second outside Japan. No other Japanese life insurer has yet opened such a London office.

Sumitomo is known as one of the most active overseas investors among Japanese life insurance companies. The company's overseas assets were worth Y168.5bn ($780m) last year compared with only Y13bn two years earlier.

Life insurance companies began investing overseas in 1977 after facing a decline in demand for their long-term funds from Japanese corporate borrowers because of Japan's long post-oil crisis recession. Investments accelerated in 1978 and 1979 as interest rate differentials made overseas assets increasingly attractive.

AUSTRALIAN MERCHANT BANKING

HK Shanghai regrouping

BY JAMES FORTH IN SYDNEY

THE Hongkong and Shanghai Banking Corporation is reorganising its Australian interests to create one of the 10 largest merchant banks in the country.

This will be achieved through the merger of Wardley Australia with Intermarine Australia. Wardley Australia is owned by the Hong Kong merchant bank, Wardley, which itself is a subsidiary of Hongkong and Shanghai. Intermarine is 75 per cent owned by the Marine Midland Bank of the U.S., itself linked with the Hongkong Bank, and 25 per cent by the Tokai Bank of Japan.

The merger follows on from Hong Kong and Shanghai's protracted move to obtain a controlling interest and will soon increase it to 51 per cent.

The local merger will be achieved by Wardley acquiring Intermarine. Marine Midland will then acquire a 20 per cent stake in Wardley Australia and Tokai will own 13 per cent, with Hongkong and Shanghai beneficially owning the remaining 67 per cent through Wardley Limited.

Wardley Australia will have a capital base of about A$20m (U.S.$23.3m) and total assets of more than A$185m which would make it one of the largest merchant banks in Australia.

The merged company intends to operate as a fully fledged merchant bank, offering a full range of services.

Strong demand for Telecom loan

BY OUR SYDNEY CORRESPONDENT

TELECOM AUSTRALIA yesterday closed a A$85m (equivalent to U.S.$89.3m) public loan only six days after it opened for subscription. It is the fifth successive semi-Government borrowing to close well within the normal three-week loan period. There has been a surge in public demand for semi-government paper, which is currently offering interest rates higher than most alternative investments. As an added bonus, semi-government securities are government guaranted.

Telecom, the premier such borrower, was originally pitching for a public subscription of about half the A$85m, with institutions providing the remainder. But when Telecom closed the loan yesterday it had received about A$60m from the public and expects easily to reach A$70m.

Institutions had already agreed to take more than A$15m, but their share has been reduced to this level to cater for the public appetite. The semi-authorities have a heavy borrowing programme, of about A$2.5bn in 1980-81, largely to provide infrastructure for the large resource developments on the drawing boards.

The first round of borrowing by the semi-authorities totals between A$300m and A$350m. The unsatisfied demand for Telecom virtually ensures that other authorities will have successful public loans. But the rush into semi stock is resulting in a drain of funds from other sectors, particularly the savings banks, building societies, and finance companies.

This is creating pressure for a reduction in interest rates on semi loans — the alternative being an increase in interest rates in the other sectors which the Federal and state governments, to which would be reluctant to agree.

The Loan Council, which sets official interest rates and on which the Federal and state governments are represented, is due to meet today, and will presumably consider the question of a change in the semi-government interest rates. At present, the semi-authorities are offering 12.2 per cent for 4 to 9 years and 12.3 per cent for 10 years and longer.

National Rayon trebles earnings

By R. C. Murthy in Bombay

NATIONAL RAYON Corporation trebled its pretax profits to Rs 73.4m ($9.3m) last year and is poised for further rapid growth with expansion and diversification under way.

National Rayon ran into difficulty in 1975 and was nursed back to health by government-appointed managers.

After losses in 1976 and 1977 the company returned to the black in 1978 with pre-tax profits of Rs 25.4m.

No tax provision was made last year since the company could offset losses in earlier years against profits. The dividend was stepped up from 10 per cent in 1978 to 25 per cent for 1979 and Rs 57.6m was allocated to reserves.

The spurt in profits resulted from improved profit margins and higher sales which rose by 28.26 per cent from Rs 561.2m to Rs 719.8m. All three divisions rayon, nylon, and chemicals—contributed to the recovery.

The first phase of modernisation involving the installation of a double effect vaporator system for the rayon plant is complete. When the monomer recovery plant is commissioned at the end of this year, the 275 tonnes of monomer a year going to waste will be recovered improving NRC's profits by about Rs 10m.

The second phase will expand nylon yarn and fabric capacity from 3,300 tonnes to 5,000 tonnes per year. Diversification plans include the establishment of a fungicides plant and an industrial preservatives project.

To finance the expansion, NRC proposes to increase its authorised capital to Rs 250m from Rs 75m. Once this is done, it hopes to secure term loans for meeting the cost of expansion.

Macao FRCDs offered

BY PETER MONTAGNON

BANCO DO BRASIL is to make the first issue of Floating Rate Certificates of Deposit in Macao. The $15m worth of CDs will be issued to mark this week's opening by the bank of a branch in the Portuguese colony.

The three-year certificates bear interest at ¼ per cent above six-month London interbank rates. Issue price is par, and the certificates, with a denomination of $250,000, are free of Macao, Brazilian and Hong Kong taxes.

The issue will be lead managed by Kuwait Pacific Finance Company in conjunction with Yamaichi International (Hong Kong) and The Bank of New South Wales.

Haggie and ISCOR join mild wire interests

BY JIM JONES IN JOHANNESBURG

HAGGIE, the R180m ($233m) turnover South African manufacturer of steel wire, wire ropes, and mining and engineering machinery, has merged its mild wire interests with those of the state-owned steel producer, ISCOR.

Following an internal rearrangement of assets, each company has contributed its mild wire operation to a new, equally-owned company, Consolidated Wire Industries. This follows the Government policy of shifting certain state-owned industrial activities to the private sector and will result in a company commanding some R80m of South Africa's R140m annual sales mild wire market.

Mr. Richard Savage, Haggie's managing director, expects the merger to have little effect on his company's earnings for the next couple of years, however. In 1979, Haggie reported pre-tax profits of R28.1m and earnings per share of 102.8 cents of which its mild wire interests contributed dividends equivalent to less than 3 cents per share. That contribution will however improve once the 50 per cent stake in Consolidated Wire is consolidated.

More important in Haggie's management opinion is the opportunity Consolidated Wire provides to reduce the company's reliance on sales to the mining industry.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1975=100); engineering orders (1975=100); retail sales volume (1976=100), retail sales value (1976=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value	Unem-ployed	Vacs.
1979							
1st qtr.	110.4	102.6	98	100.7	134.0	1,351	234
2nd qtr.	114.9	107.1	107	106.2	144.8	1,299	256
3rd qtr.	112.7	103.1	99	99.5	144.6	1,269	247
4th qtr.	112.5	103.9	105	101.7	151.9	1,286	230
Nov.	114.0	105.4	112	102.5	153.2	1,282	234
Dec.	112.0	103.7	104	101.7	153.1	1,294	219
1980							
1st qtr.	110.2	100.5		103.2	157.8	1,379	193
Jan.	111.5	102.3	87	103.1	155.5	1,339	207
Feb.	110.2	100.9	97	103.9	158.5	1,383	191
March	108.9	98.4		102.6	159.4	1,414	181
April	108.2	99.9		102.3	161.0	1,458	169
May				101.0		1,484	163
June						1,534	147

OUTPUT—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1975=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1979							
1st qtr.	105.9	99.2	127.0	98.8	98.4	100.0	12.9
2nd qtr.	108.6	102.9	133.1	102.7	110.0	103.0	21.3
3rd qtr.	105.8	96.2	132.3	95.0	103.8	100.6	21.0
4th qtr.	104.9	101.3	129.7	99.2	102.6	95.8	18.1
Nov.	107.0	103.0	132.0	101.0	105.0	98.0	19.4
Dec.	105.0	103.0	128.0	101.0	100.0	93.0	15.0
1980							
1st qtr.	103.9	101.2	124.9	99.0	63.1	91.6	12.3
Jan.	106.0	102.0	127.0	101.0	65.0	94.0	13.2
Feb.	104.0	103.0	124.0	100.0	59.0	91.0	11.4
March	102.0	99.0	124.0	96.0	65.0	89.0	12.2
April	102.0	101.0	122.0	97.0	85.0	89.0	14.9

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1979							
1st qtr.	109.0	116.9	−1,588	−1,215	−235	107.0	16.7[illegible]
2nd qtr.	135.3	123.9	−486	−31.0	−229	160.4	21.89
3rd qtr.	129.8	128.1	−493	−238	−158	106.8	23.18
4th qtr.	129.3	128.9	−745	−674	−157	103.7	22.5[illegible]
Nov.	131.8	125.8	− 75	− 51	+ 27	104.1	22.4[illegible]
Dec.	131.3	131.2	−252	−229	+ 88	102.6	22.7[illegible]
1980							
1st qtr.	131.3	126.5	−723	−417	−126	100.7	24.8[illegible]
Jan.	129.8	128.0	−315	−213	− 76	100.9	23.77
Feb.	136.5	128.9	−232	−130	− 45	100.6	23.93
March	127.7	122.7	−176	− 74	− 5	100.6	26.96
April	127.2	127.6	−284	−214	+ 44	101.8	28.0[illegible]
May	130.2	121.4	− 18	+ 32	− 10	102.0	28.2[illegible]

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

	M1 %	M3 %	Bank advances %	DCE £m	BS inflow	HP lending	MLR %
1979							
1st qtr.	7.6	9.3	32.6	+1,525	777	1,581	13
2nd qtr.	9.7	17.2	28.5	+2,707	777	1,867	14
3rd qtr.	15.5	10.2	13.2	+2,409	933	1,879	14
Dec.	5.1	12.6	16.2	+ 250	161	593	1[illegible]
1980							
Jan.	−6.9	8.1	22.6	+ 738	235	668	[illegible]
Jan.	−6.9	8.1	22.6	+ 738	235	688	[illegible]
Feb.	−6.7	6.1	20.7	+ 272	199	665	[illegible]
March	−2.3	7.5	25.4	+ 705	200	641	[illegible]
April	−3.4	4.8	18.8	+ 678	266	676	[illegible]
May	4.0	11.4	21.9	+1,122	225		[illegible]

INFLATION—Indices of earnings (Jan. 1976=100); basic materials and fuels, wholesale prices of manufactured products (1975=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (Dec. 1971=100).

	Earnings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty
1979						
1st qtr.	144.2	153.4	161.6	208.9	218.8	268.8[illegible]
2nd qtr.	147.3	163.3	168.0	216.5	225.2	293.5[illegible]
3rd qtr.	154.2	169.9	176.4	231.1	231.9	301.6[illegible]
4th qtr.	161.7	183.9	181.8	237.6	237.2	295.1[illegible]
Dec.	165.1	187.5	183.4	139.4	239.9	295.1
1980						
1st qtr.		197.6	191.5	248.8	247.5	284.4
Jan.	163.0	193.5	188.5	245.3	244.8	308.6
Feb.	167.3	197.6	191.5	248.8	246.7	304.[illegible]
March	172.8	200.4	194.3	252.2	251.1	284.4
April	174.8	202.4	197.0	260.8	254.1	275.[illegible]
May		200.6	199.3	263.2	255.7	268.2

* Not seasonally adjusted.

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Companies and Markets

CURRENCIES, MONEY and GOLD

£ & $ quiet

Trading was again subdued in currency markets yesterday, with little in the way of fresh factors to stimulate much movement. Sterling was extremely steady, closing unchanged on a trade weighted basis at 73.7, a level held at all three of the day's calculations. Against the dollar it opened at $2.3330-2.3340, and dipped to $2.3310 during the morning, before coming back in the afternoon, on commercial demand, to finish at $2.3355-2.3365, unchanged from Tuesday's close.

The dollar slightly firmer on balance, closing at DM 1.7675 against the D-mark from DM 1.7690, and SwFr 1.6380 against the Swiss Franc compared with SwFr 1.6375. On Bank of England figures, its trade weighted index was 83.6, up from 83.4. The Japanese yen was the only currency to show any movement on rumours of an imminent cut in the Japanese discount rate, and the dollar rose to Y216.80 from Y216.70.

D-MARK—Slightly weaker within the European Monetary System recently, but showing a firmer tendency against the dollar following a sharp narrowing of Euro-currency interest rate differentials — There was no intervention by the Bundesbank yesterday in Frankfurt, when the dollar was fixed at DM 1.7692, slightly up from Tuesday's figure of DM 1.7684. The Belgian franc was slightly easier after the latest cut in the Belgian bank rate, and was fixed at DM 6.247 per BFr 100 against DM 6.249 previously. The market was undecided as to whether the Bundesbank would alter its key lending rates after today's meeting of the central bank council. Most dealers thought that the discount rate would remain at its present level of 7½ per cent while the Lombard rate may be reduced by half a point from its present 9½ per cent. Elsewhere in currencies showed very little change overall.

BELGIAN FRANC — Steady within the EMS despite gentle easing of interest rates by Belgian authorities — The Belgian franc eased a little after yesterday's cut in key lending rates, but was comfortably within its permitted limits within the EMS, and remained above the D-mark and Italian lira. The French franc was fixed higher at BFr 6.8942½ against BFr 6.8938, and the Dutch guilder rose to BFr 14.6035 from BFr 14.5955. Sterling slipped to BFr 66.045 from BFr 66.0975, while the dollar rose to BFr 28.3025 from BFr 28.2950.

FRENCH FRANC — Strongest currency within the EMS, helped by tight domestic monetary policy — The French franc was generally firmer against its EMS partners at the Paris fixing yesterday, and was little affected by yesterday's slight easing of foreign exchange controls. Sterling slipped to FFr 9.5800 from FFr 9.5900, and the D-mark was lower at FFr 2.3203 against FFr 2.3219. The dollar was fixed at FFr 4.1050 compared with FFr 4.1041 on Tuesday.

DANISH KRONE — Steadier within the EMS recently, following two devaluations in 1979 — The Danish krone was firmer against European currencies at yesterday's fixing in Copenhagen despite a 1.4 per cent increase in consumer prices in May to give an annual rate of 14.1 per cent. The dollar was fixed lower at DKr 5.4860 compared with DKr 5.5020 and sterling slipped to DKr 12.7945 from DKr 12.8420. Within the EMS, the D-mark was fixed lower at DKr 3.1020 against DKr 3.1058, and the French franc slipped to DKr 1.3375 from DKr 1.3381.

JAPANESE YEN—Energy and balance of payments problems reflected in sharp decline last year. More recently lower U.S. interest rates have helped the yen recover—The dollar was slightly firmer in Tokyo yesterday, closing at Y216.90 against the yen, compared with Y216.70 at the opening, and Y216.875 on Tuesday. Trading was mostly quiet and uneventful, with the latest U.S. consumer prices index having little effect.

THE POUND SPOT AND FORWARD

June 25	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.3310-2.3365	2.3355-2.3365	1.82-1.72c pm	9.09	4.52-4.42 pm	7.65
Canada	2.6830-2.6930	2.6910-2.6930	1.10-1.00c pm	4.68	3.63-3.53 pm	5.32
Nethlnd.	4.51-4.54	4.52-4.53	3¼-2¼c pm	6.95	7¾-6¾ pm	6.41
Belgium	65.90-66.20	66.00-66.10	23-13c pm	3.27	56-46 pm	3.09
Denmark	12.77-12.82	12.80-12.81	¼ore pm-1¼ dis	−0.47	1½-3 dis	−0.70
Ireland	1.1000-1.1050	1.1028-1.1038	0.02p pm-par	0.11	0.20-0.15 pm	0.63
W. Ger.	4.11-4.14	4.12½-4.13½	3¼-2¼pf pm	8.35	8¼-7¼ pm	7.51
Portugal	114.00-114.75	114.25-114.55	5c pm-20 dis	−0.79	51-67 dis	−2.06
Spain	163.50-164.00	163.80-164.00	17c pm-25 dis	−0.29	19-70 dis	−1.09
Italy	1,950-1,958	1,954-1,956	17-19 lire dis	−11.05	37-39 dis	−7.77
Norway	11.32-11.36½	11.34½-11.35½	8¼-6¾ore pm	7.85	20½-19 pm	6.86
France	9.56-9.60	9.58¼-9.59¼	4¼-3¼c pm	5.16	10¾-9¾ pm	4.33
Sweden	9.71-9.75	9.73½-9.74½	3-2½ore pm	3.39	5¾-5 pm	2.18
Japan	504-509½	508¼-509¼	1.85-1.45y pm	3.89	6.05-5.65 pm	4.60
Austria	29.25-29.50	29.32-29.37	18-14gro pm	6.13	47-42 pm	6.06
Switz.	3.81-3.84	3.82-3.83	4½-3½c pm	12.55	11¼-10¼ pm	11.11

Belgian rate is for convertible francs. Financial franc 66.80-66.90. Six-month forward dollar 6.70-6.65c pm. 12-month 9.90-9.80c pm.

THE DOLLAR SPOT AND FORWARD

June 25	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.3310-2.3365	2.3355-2.3365	1.82-1.72c pm	9.09	4.52-4.42 pm	7.65
Ireland†	2.1150-2.1190	2.1155-2.1175	1.70-1.60c pm	9.36	4.50-4.40 pm	8.41
Canada	1.1512-1.1529	1.1514-1.1517	0.37-0.42c dis	−4.12	0.57-0.62dis	−2.07
Nethlnd.	1.9370-1.9390	1.9370-1.9385	0.28-0.38c dis	−2.04	0.60-0.70dis	−1.34
Belgium	28.26½-28.31½	28.27-28.29	12½-14c dis	−5.62	32-35 dis	−4.74
Denmark	5.4800-5.4845	5.4820-5.4835	4-4½ore dis	−9.30	11-11½ dis	−8.21
W. Ger.	1.7660-1.7700	1.7675-1.7685	0.05-0.15pf dis	−0.68	0.04pm-0.06d	−0.02
Portugal	48.93-49.08	48.98-49.08	35-45c dis	−9.79	70-120 dis	−7.75
Spain	70.15-70.25	70.17-70.21	47-60c dis	−9.15	145-165 dis	−8.83
Italy	836.95-837.80	837.30-837.60	10-12 lire dis	−15.76	28-31 dis	−14.09
Norway	4.8580-4.8605	4.8580-4.8595	0.40-0.90ore dis	−1.60	1.10-1.60dis	−1.11
France	4.1030-4.1060	4.1035-4.1055	1.35-1.45c dis	−4.09	3.40-3.60dis	−3.41
Sweden	4.1690-4.1707	4.1690-4.1700	1.85-2.00ore dis	−5.54	5.45-5.60dis	−5.30
Japan	216.75-218.15	217.75-217.85	0.75-0.90y dis	−4.54	1.25-1.40dis	−2.43
Austria	12.56-12.57½	12.56-12.57	2.30-2.90gro dis	−2.48	3.50-5.25dis	−1.39
Switz.	1.6360-1.6405	1.6375-1.6385	0.43-0.36c pm	2.86	1.50-1.42 pm	3.56

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

June 25	Bank of England Index	Morgan Guaranty Changes %
Sterling	73.8	−32.3
U.S. dollar	85.6	−10.1
Canadian dollar	81.5	−16.3
Austrian schilling	155.4	+24.1
Belgian franc	115.9	+14.1
Danish kroner	107.8	−4.0
Deutsche mark	158.4	+45.1
Swiss franc	197.5	+78.7
Guilder	125.6	+19.6
French franc	101.7	−5.7
Lira	53.2	−51.2
Yen	130.2	+28.4

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

CURRENCY RATES

June 24	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	17	0.565760	0.609175
U.S. $	11	1.32088	1.43273
Canadian $	10.67	1.51888	1.64507
Austria Sch.	6¾	16.6074	17.8766
Belgian F	14	37.3743	40.2561
Danish K	13	7.26286	7.80509
D'Mark	7½	2.33584	2.51595
Guilder	9½	2.55987	2.75568
French Fr.	9½	5.42254	5.84173
Lira	15	1105.58	1190.92
Yen	9	286.367	308.234
Norwgn. Kr.	9	6.42410	6.90948
Spanish Pts.	8	92.6861	100.8542
Swedish Kr.	10	5.51177	5.93207
Swiss Fr.	3	2.15871	2.32687

OTHER CURRENCIES

June 25	£	$		£ Note Rates
Argentina Peso	4300-4320	1845-1852	Austria	29.15-29.45
Australia Dollar	2.0190-2.0230	0.8655-0.8660	Belgium	66.20-66.80
Brazil Cruzeiro	121.42-122.42	52.115-52.315	Denmark	12.70-12.80
Finland Markka	8.49-8.508	3.6430-3.6445	France	9.51-9.59
Greek Drachma	99.872-102.234	42.75-42.95	Germany	4.10-4.14
Hong Kong Dollar	11.50-11.52	4.9295-4.9315	Italy	1915-1965
Iran Rial	n/a	n/a	Japan	504-509
Kuwait Dinar(KD)	0.620-0.626	0.2670-0.2671	Netherlands	4.50-4.54
Luxembourg Frc.	66.00-66.10	28.27-28.29	Norway	11.27-11.36
Malaysia Dollar	5.0040-5.0160	2.1445-2.1465	Portugal	111¾-115¼
New Zealand Dlr.	2.3640-2.3690	1.0130-1.0140	Spain	158¾-165½
Saudi Arab. Riyal	7.74-7.80	3.3290-3.3310	Sweden	9.69-9.77
Singapore Dollar	4.9460-4.9580	2.1200-2.1220	Switzerland	3.80½-3.83½
Sth. African Rand	1.8030-1.8055	0.7720-0.7730	United States	2.327-2.336
U.A.E. Dirham	8.61-8.67	3.7010-3.7030	Yugoslavia	62½-66

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU June 25	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	40.2570	+1.17	+0.40	±1.53
Danish Krone	7.72336	7.79895	+0.98	+0.21	±1.64
German D-Mark	2.48208	2.51626	+1.38	+0.61	±1.125
French Franc	5.84700	5.83766	−0.16	−0.93	±1.3557
Dutch Guilder	2.74362	2.75719	+0.49	−0.28	±1.512
Irish Punt	0.668201	0.672303	+0.61	−0.16	±1.668
Italian Lira	1157.79	1190.79	+2.85	+2.59	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

June 25	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.336	4.130	508.8	9.588	3.825	4.525	1955.	2.692	66.05
U.S. Dollar	0.428	1.	1.768	217.8	4.104	1.637	1.937	836.9	1.152	28.27
Deutschemark	0.242	0.566	1.	123.2	2.321	0.926	1.096	473.4	0.652	15.99
Japanese Yen 1,000	1.966	4.592	8.118	1000.	18.85	7.518	8.894	3843.	5.291	129.8
French Franc 10	1.043	2.437	4.308	530.6	10.	3.990	4.720	2039.	2.808	68.89
Swiss Franc	0.261	0.611	1.080	133.0	2.507	1.	1.183	511.1	0.704	17.27
Dutch Guilder	0.221	0.516	0.913	112.4	2.119	0.845	1.	432.0	0.595	14.60
Italian Lira 1,000	0.512	1.195	2.113	260.2	4.904	1.957	2.315	1000.	1.377	33.79
Canadian Dollar	0.371	0.868	1.534	189.0	3.561	1.421	1.681	726.3	1.	24.54
Belgian Franc 100	1.514	3.537	6.253	770.2	14.52	5.791	6.851	2960.	4.076	100.

FT LONDON INTERBANK FIXING (11.00 a.m. JUNE 25)

3 mth U.S. dollars		6 month U.S. dollars	
bid 9¼	offer 9⅜	bid 9⅜	offer 9½

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris, and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market Closing Rates)

June 25	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	17⅞-18⅛	8¾-9	12½-14½	10½-10¾	1-1¼	9⅛-9⅜	12⅛-12¾	30-50	9-9⅛	15-15½
7 days' notice	17⅞-18⅛	9-9¼	12½-14½	10½-10¾	5½-6	9⅛-9⅜	12½-12¾	25-30	9 1/16-9 3/16	16-16¼
Month	17½-17¾	8 13/16-8 15/16	12½-12⅞	10½-10¾	5 7/16-5 11/16	9⅛-9⅝	12⅝-12⅞	25-26½	8 13/16-8 15/16	13⅝-13¾
Three months	16¾-17	9 1/16-9 3/16	11¾-11⅞	10⅜-10⅝	5⅝-5⅞	9 1/16-9 3/16	12⅜-12⅞	22½-23½	9 1/16-9 3/16	12-12¼
Six months	16⅜-16⅝	9 1/16-9 3/16	10¾-11	10¼-10½	5⅝-5⅞	8⅝-8¾	12⅜-12⅝	20½-21½	9 1/16-9 3/16	11-11½
One year	14-14¼	9 1/16-9 3/16	10½-10½	10-10¼	5 1/16-5 5/16	8 1/16-8 3/16	12⅛-12¾	19½-20½	9¼-9⅜	9⅜-9½

Long-term Eurodollar two years 10¼-10½ per cent; three years 10½-10¾ per cent; four years 10⅝-10⅞ per cent; five years 10¾-11 per cent; nominal closing rate. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice. Asian rates are closing rates in Singapore.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 8.85-8.95 per cent; three-months 8.85-8.95 per cent; six-months 8.75-8.85 per cent; one year 8.80-8.90 per cent.

INTERNATIONAL MONEY MARKET

Belgian rates cut

Interest rates continued to decline in Brussels yesterday with the Belgian authorities cutting key lending rates. At the same time the two-tier discount system for bills was abolished. Bank rate (which was also the "A" quota rate) has been cut to 13 per cent from 14 per cent. The "B" discount quota rate is now 13 per cent from the previous 15½ per cent. So now bills are all discounted at the same rate. The Lombard rate, which is used for normal bank advances has also been reduced to 13 per cent from 14½ per cent, while the special advances rate, for loans outside the Lombard quota, has been cut to 14 per cent from 15½ per cent.

Under the old system, banks were allowed to discount one-third of their allotted number of bills at bank rate, or "A" quota rate, and the remaining two-thirds at the "B" rate. Belgian interest rates have been easing gradually since late March, when they stood at record levels, and yesterday's move came after further cuts in Treasury bill rates earlier this week.

In Paris the Bank of France injected liquidity into the market by buying around FFr3bn of first category paper at a reduced rate of 12 per cent against 12½ per cent previously. The paper matures between July 11 and July 5. In the money market, call money was quoted at 12 1/16.

GOLD

Sharp rise

Gold rose $21 an ounce in the London bullion market yesterday to close at $624-627, its best level for over two weeks. It opened at $613-616 and rose on good demand to around $623-625 at lunchtime. During the afternoon it steadied, with some profit taking checking the rise, but touched a high later in New York of $625-627. Demand may have been increased by recent gloomy economic forecasts, notably the latest IMF survey.

In Paris the 12½ kilo bar was fixed at FFr 81,600 per kilo ($618.27 per ounce) compared with FFr 80,750 ($611.65) in the morning and FFr 79,850 ($604.97) on Tuesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 35,190 per kilo ($618.57 per ounce) against DM 34,290 ($602.07) previously, and closed at $621-624 an ounce compared with $602-605 on Tuesday.

In Zurich gold finished at $624-627 against $602-605 previously.

	June 25		June 24	
Gold Bullion (fine ounce)				
Close	$624-627	(£267-268½)	$603-606	(£258¼-259¾)
Opening	$613-616	(£262½-264)	$599-602	(£256½-258)
Morning fixing	$617.50	(£264.737)	$599.75	(£256.797)
Afternoon fixing	$622.50	(£266.595)	$603	(£258.023)
Gold Coins				
Krugerrand	$643-645	(£276-278)	$622½-625½	(£266½-268½)
Mapleleaf	$643-645	(£276-278)	$620½-623½	(£265¼-267¼)
New Sovereigns	$157-158	(£67¼-68¼)	$153-154	(£65½-66½)
King Sovs.	$179-181	(£76½-77½)	$176-178	(£75¼-76¼)
Victoria Sovs.	$179-181	(£76½-77½)	$176-178	(£75¼-76¼)
French 20s	$157-160		$155-158	
50 pesos Mexico	$764-769		$743-747	
100 Cor. Austria	$608½-613½		$590-595	
$20 Eagles	$710-714		$702-705	
$10 Eagles	—		—	
$5 Eagles	—		—	

UK MONEY MARKET

Moderate assistance

(Bank of England Minimum Lending Rate 17 per cent since November 15, 1979)

Day to day credit was in short supply in the London money market yesterday, and the authorities gave assistance on a moderate scale. This comprised small purchases of Treasury bills and local authority bills, all direct from the discount houses, and small loans to three or four houses at MLR for repayment today. The market was faced with the repayment of Tuesday's small market advances, and funds were drained in respect of sales of new Government stock. On the other hand banks brought forward balances a small way above target, and there was a small surplus of disbursements over revenue transfers to the Exchequer.

LONDON MONEY RATES

June 25 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Over night	—	17-20	—	—	—	—	16-17	—	—	—
2 days notice	—	—	17⅛-17¾	—	—	—	—	—	—	—
7 days or 7 days notice	—	17¾-18	17⅛-17¾	—	18¼	18½	16¾-17	—	—	—
One month	17¾-17 11/16	17 13/16-17 11/16	17½-17⅝	18¼-18⅝	17 3/16	17⅞	16¾	15 13/16-15⅝	17¼-17 3/16	18
Two months	17¼-17 3/16	17 5/16-17 3/16	—	18-18½	17⅝	—	16⅜	15 13/16-15 11/16	16¾-16⅝	17½
Three months	17-16 15/16	16 15/16-17 1/16	16¾-17	17⅛-17⅝	17 1/16	17⅜	16-16⅛	15 13/16-15¾	16 3/16-16¼	16¾
Six months	15 11/16-15½	15⅝-15¾	15¼-15⅝	15¼-15¾	16	16¼	—	—	14⅜	15⅝
Nine months	14 11/16-14½	14⅝-14¾	—	15¼-15⅝	15 5/16	15¾	—	—	—	—
One Year	14 1/16-14	14¼-14⅝	13⅞-14¼	14¼-14⅝	14⅝	15½	—	—	—	—
Two years	—	—	13⅞-14	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. * Long-term local authority mortgage rate nominally three years 13¾-14 per cent; four years 13¾-14 per cent; five years 13¾-14 per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 15¾-15⅞ per cent four-month trade bills 16¾ per cent.

Approximate selling rate for one-month Treasury bills 15 21/32-15 19/32 per cent; two-months 15 19/32-15 17/32 per cent; three-months 15 17/32 per cent. Approximate selling rates for one-month bank bills 17⅛-17 1/16 per cent two-months 16 27/32-16 25/32 per cent; three-months 16 3/32-16 1/32 per cent; one-month trade bills 17¾ per cent; two-months 17¼ per cent and three-months 16½ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 17½ per cent from June 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 15 per cent. Clearing Bank Rates for lending 17 per cent. Treasury Bills: Average tender rates of discount 16.7338 per cent.

MONEY RATES

NEW YORK	
Prime Rate	11½-12
Fed. Funds	7⅞-8⅞
Treasury Bills (13-week)	7.32
Treasury Bills (26-week)	7.34
GERMANY	
Discount Rate	7.5
Overnight Rate	10.125
One month	9.875
Three months	9.875
Six months	9.225
FRANCE	
Discount Rate	9.5
Overnight Rate	12.125
One month	12.25
Three months	12.25
Six months	12.25
JAPAN	
Discount Rate	9
Call (Unconditional)	7.25
Bills Discount (three-month)	11.875

APPOINTMENTS

New chairman for Westinghouse Brake

Mr. J. M. Durber, a director of Hawker Siddeley Group, has become chairman of its subsidiary, WESTINGHOUSE BRAKE AND SIGNAL COMPANY. Mr. L. E. Thompson, who has reached retiring age, has now resigned from the chairmanship of Westinghouse. Mr. Thompson joined that company in 1932 and has been chairman since 1974.

★

Mr. S. W. Pressman has been appointed deputy managing director and Mr. A. A. Gaitskell investment director of HILL SAMUEL LIFE ASSURANCE.

★

Mr. Paul Orchard-Lisle, a managing partner of Healey and Baker, has been appointed a director of SLOUGH ESTATES.

★

Mr. Malcolm Parkinson has become chief executive, special purposes machines division, MARWIN PRODUCTION MACHINES. Mr. Derry London has been appointed executive sales director of that division.

★

Mr. Victor H. C. Simpson has been appointed a director of JOHN NUGENT CONSTRUCTION from July 1.

★

Mr. D. A. Holland, in addition to his position as managing director, has been appointed chairman of BALFOUR BEATTY from July 1 when his predecessor Mr. D. H. Rooney becomes chairman of the National Nuclear Corporation.

★

Mr. Basil Marcuson has been elected chairman of the BRITISH IMPORTERS CONFEDERATION. He succeeds Mr. Dennis Statham.

★

EDWARD MARSDEN INKS has appointed Mr. David J. Whittaker as managing director to succeed the late Mr. Edward W. Jones.

★

SPD DISTRIBUTION has appointed Mr. J. J. Weeks as operations director.

Mr. Claude Pike, chairman of WATTS BLAKE BEARNE AND CO., is to relinquish his appointment as joint managing director on July 4 and Mr. Keith Sykes, joint managing director, will become managing director.

★

EMI MUSIC announces the amalgamation of EMI Records (UK) and Liberty/United Records (UK) with Mr. Cliff Busby as managing director of the new operation. Mr. Busby was managing director of Liberty/United Records. Mr. John Bush has resigned as managing director of EMI Records (UK) for personal reasons, and is leaving the group. Mr. Busby reports to Mr. Ken East, president and chief operating officer, EMI Music Europe and International. Mr. Richard Lyttelton has been appointed general manager, EMI Records International Division, from July 1 in place of Mr. Paul Watts, who is leaving the company. Mr. Lyttelton is at present managing director of EMI Finland.

★

Mr. Frank Revill has been appointed managing director of ASH PERFORATORS in place of Mr. David Fletcher who recently became managing director of the parent Ash and Lacy Group.

★

Mr. E. L. Baillieu and Mr. M. W. Jacomb will retire from the board of the AUSTRALIA AND NEW ZEALAND BANKING GROUP on June 30.

★

Mr. Michael J. Butler has joined the BANK OF MONTREAL as a manager, loan syndication department, resident in London. He was previously with the Canadian Export Development Corporation, Ottawa, Canada.

★

Mr. Leonard W. van Geest has been appointed a director of GEEST HOLDINGS and continues as managing director of Geest Foods.

★

Mr. John J. Tilbrook has been appointed vice-chairman of J. F. Nash Securities and the managing directors of two of the group's principal subsidiaries Mr. David J. Harris, of Barpak, and Mr. Ritchie L. Spencer of the Reliant Motor Company, have joined the Board of the parent company.

★

Managing director of the WESSEX FINANCE CORPORATION Mr. Jim Rawcliffe, leaves the company at the end of June to become finance director of RHM General Products. His successor is Mr. Jim Steven, a director of RHM Management Services, based at Harlow, Essex.

★

ROYAL INSURANCE has made the following appointments from July 1. Mr. F. E. Goosey, a deputy general manager, UK; Mr. W. Scanlan an assistant general manager, UK; Mr. P. J. Sherman, an assistant general manager, UK; Mr. H. Broomhead, staff manager; Mr. W. J. Ward, deputy staff manager; Mr. B. S. Saunt, a deputy underwriting manager.

★

Mr. Michael C. V. Hey has been appointed managing director of COMEX HOULDER DIVING. Following the satisfactory completion of negotiations between Comex and Houlder Offshore to establish jointly Comex Houlder Diving, Mr. Peter D. Gelpke, previously deputy chairman of Comex Diving Limited, has resigned.

★

Mr. W. J. Weaver has been appointed company secretary of the HYMATIC ENGINEERING COMPANY. Mr. Peter A. Young, previously commercial director and company secretary, will shortly be taking up a more senior position within the Huntleigh Group.

★

Mr. H. R. L. Perrott has been appointed corporate development director of INTERMED (International Medical Supplies and Services) and Mr. G. L. Bradbury has been made financial director. The parent company is Thomas Tilling.

★

Mr. H. W. L. Jones, who was appointed group financial controller of the CALOR GROUP in February this year, has been made a director of the company.

★

Mr. Michael Howell has been appointed area director Europe of CUMMINS ENGINE COMPANY. He will be responsible for Cummins' European business operations (marketing, sales, distribution and customer engineering). He succeeds Mr. Robert S. Campbell, who takes up the position of vice-president international businesses, based in Columbus. Mr. Campbell now assumes responsibility for Cummins' activities in Europe, Asia, Australia and Africa.

★

Mr. N. Maconochie, Mr. R. Roberts and Mr. J. Addey have joined the boards of MAINLINE ELECTRONIC and its subsidiary, Mainline Microsystems. Mr. B. A. Selzer and Mr. A. Heine have also been appointed to the Board of the subsidiary. Mr. B. E. Davis has resigned as a director of Mainline Microsystems but remains secretary of both companies. Mr. B. B. J. Charles has resigned from the Board of the parent concern.

★

For personal reasons, Mr. David H. Whiteley has resigned as chairman of the Board of B. S. AND W. WHITELEY. He has been succeeded by Mr. Peter W. Foss as non-executive chairman. Mr. Whiteley, who retires by rotation at the next annual meeting, has intimated that he will not seek re-election.

★

Mr. Brian Pendry has been appointed managing director of COVENTRY STEEL CARAVANS, the Newport Pagnell based specialist vehicle manufacturer within the Caravans International Group. He replaces Mr. Peter Kells, who moves to CI headquarters at Saffron Walden to become managing director of a new company, CI Special Products, which is to co-ordinate the development and marketing of commercial and industrial products throughout the group. Mr. John Twynam has become marketing director.

EUROPEAN OPTIONS EXCHANGE

Series		July Vol.	July Last	Oct. Vol.	Oct. Last	Jan. Vol.	Jan. Last	Stock
AKZ C	F.22.50	38	1.40	—	—	10	3.20	F.23.60
AKZ C	F.25	103	0.20	—	—	65	1.80	"
AKZ P	F.27.50	—	—	190	0.60	—	—	"
AKZ P	F.25	—	—	2	1.50	10	2	"
ARB C	F.60	—	—	5	6	—	—	F.65.20
ARB C	F.65	—	—	—	—	1	4	"
EK C	$50	10	7⅛	—	—	—	—	$57
EK C	$60	—	—	14	2⅜	—	—	"
HEI C	F.50	—	—	14	2.40	—	—	F.56.40
HEI C	F.65	—	—	10	1.40	—	—	"
HEN C	F.52	—	—	1	5.70	—	—	"
IBM C	$60	105	1¼	—	—	—	—	$59⅝
IBM C	$65	—	—	2	1⅝	—	—	"
KLM C	F.60	10	2	41	4.80	—	—	F.60
KLM C	F.70	1	0.20	25	1.80	—	—	"
KLM C	F.80	10	0.10	—	—	—	—	"
KLM P	F.60	43	1.80	—	—	—	—	"
KLM P	F.70	85	10	30	11.30	—	—	"
KLM P	F.80	50	20	—	—	—	—	"
NAT C	F.104.50	30	7.50	—	—	—	—	F.112.20
NAT C	F.109.10	2	3.50	—	—	—	—	"
NN C	F.110	—	—	20	5.50	—	—	"
NN C	F.120	—	—	2	1.80	—	—	"
NN P	F.110	4	0.60	—	—	—	—	"
PET C	Fr.5500	—	—	1	190	—	—	Fr.5050
PHI C	F.17.50	—	—	—	—	36	1.60	F.17.60
PHI C	F.20	—	—	17	0.30	55	0.70	"
RD C	F.150	—	—	40	18.20	—	—	F.167
RD C	F.160	31	7.50	30	9.30	27	10.90	"
RD C	F.170	21	1.30	94	4	—	—	"
RD P	F.145	—	—	2	1	—	—	"
RD P	F.150	60	0.20	—	—	28	3.10	"
RD P	F.160	147	1	15	5.50	—	—	"
RD P	F.170	—	—	2	9.80	—	—	"
UNI C	F.110	1	7	—	—	—	—	F.117
UNI C	F.115	32	2.80	3	5.90	—	—	"
UNI C	F.120	—	—	51	2.20	—	—	"
UNI P	F.105	—	—	10	0.80	—	—	"
UNI P	F.110	10	0.30	—	—	—	—	"
UNI P	F.120	2	4	2	5	—	—	"
		Sept.		Dec.		Mar.		
BA C	$30	—	—	—	—	20	8¼	$36⅞
MMW C	DM.120	—	—	3	7	—	—	DM124
OXY C	$20	10	7½	—	—	—	—	$27⅝
SLB C	$100	5	7⅜	—	—	—	—	$118⅝
SLB C	$110	11	10⅛	18	13½	—	—	"
SLB C	$120	—	—	3	7¾	15	10¼	"
VW C	DM.160	5	5.50	—	—	—	—	DM161.80
		June		Sept.		Dec.		
GM C	$45	10	4⅛	—	—	—	—	$47¼
GM C	$50	—	—	10	2⅜	—	—	"

TOTAL VOLUME IN CONTRACTS 1738

C=Call P=Put

BASE LENDING RATES

A.B.N. Bank	17 %	■ Guinness Mahon	17 %
Allied Irish Bank	17 %	■ Hambros Bank	17 %
American Express Bk.	17 %	■ Hill Samuel	§17 %
Amro Bank	17 %	C. Hoare & Co.	†17 %
Henry Ansbacher	17 %	Hongkong & Shanghai	17 %
A P Bank Ltd.	17 %	Industrial Bk. of Scot.	17½%
■ Arbuthnot Latham	17 %	Keyser Ullmann	17 %
Associates Cap. Corp.	17 %	Knowsley & Co. Ltd.	19 %
Banco de Bilbao	17 %	Langris Trust Ltd.	17 %
Bank of Credit & Cmce.	17 %	Lloyds Bank	17 %
Bank of Cyprus	17 %	Edward Manson & Co.	18 %
Bank of N.S.W.	17 %	Midland Bank	17 %
Banque Belge Ltd.	17 %	■ Samuel Montagu	17 %
Banque du Rhone et de la Tamise S.A.	17½%	■ Morgan Grenfell	17 %
Barclays Bank	17 %	National Westminster	17 %
Bremar Holdings Ltd.	18 %	Norwich General Trust	17 %
Brit. Bank of Mid. East	17 %	P. S. Refson & Co.	17 %
■ Brown Shipley	17 %	Rossminster	17 %
Canada Perm't Trust	18 %	Ryl. Bk. Canada (Ldn.)	17 %
Cayzer Ltd.	17 %	Schlesinger Limited	17 %
Cedar Holdings	17 %	E. S. Schwab	17 %
■ Charterhouse Japhet	17 %	Security Trust Co. Ltd.	18 %
Choulartons	17 %	Standard Chartered	17 %
C. E. Coates	17 %	Trade Dev. Bank	17 %
Consolidated Credits	17 %	Trustee Savings Bank	17 %
Co-operative Bank	*17 %	Twentieth Century Bk.	17 %
Corinthian Secs.	17 %	United Bank of Kuwait	17 %
The Cyprus Popular Bk.	17 %	Whiteaway Laidlaw	17½%
Duncan Lawrie	17 %	Williams & Glyn's	17 %
Eagil Trust	17 %	Wintrust Secs. Ltd.	17 %
E. T. Trust Limited	17 %	Yorkshire Bank	17 %
First Nat. Fin. Corp.	19½%		
First Nat. Secs. Ltd.	19 %		
Robert Fraser	17 %		
Antony Gibbs	17 %		
Greyhound Guaranty	17 %		
Grindlays Bank	‡17 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 15%, 1-month deposits 15¼%.
† 7-day deposits on sums of £10,000 and under 15%, up to £25,000 15¼% and over £25,000 15½%.
‡ Call deposits over £1,000 15%.
§ Demand deposits 15%.

BUSINESS BOOKS

The structure that makes German managers tick

BY GEOFFREY OWEN

Managers and management in West Germany, by Peter Lawrence. Croom Helm. 2-10 St. John's Road, London, SW11. £12.50

The decline of the management ethic, by Michael Fores and Arndt Sorge. International Institute of Management, Wissenschaftszentrum Berlin, Platz der Luftbrucke 1-3, 1000 Berlin 42

EXPLANATIONS of what is wrong with British industry tend to go in cycles. Twenty years ago some companies were criticised for being too "engineer-dominated." Now it is widely said that engineering is not valued highly enough. In the 1960s there was a vogue for professional management, leading to the establishment of graduate business schools on the American pattern.

Now there is an influential school of thought pointing to the advantages of the German industrial system, in which the concept of professional management is virtually unknown. Several writers, notably Michael Fores, have emphasised the idea of Technik—concern with the product and with the technical skills that go into designing, making and selling it—as the dominant influence in German industry.

This is a central theme in Peter Lawrence's book, which provides an admirably clear and thought-provoking account of what makes German managers tick. Drawing on his own investigations and on other research, Lawrence shows how a shared respect for technical knowledge and experience pervades all levels of the German manufacturing enterprise; making something well and delivering it on time is seen as the primary objective.

That the German preoccupation with production does not produce narrow-minded managers is partly because production is interpreted so broadly. Most of the technical functions, including design and sometimes research, are integrated into the production management hierarchy; production managers are often directly involved in selling. Whereas in Britain and the U.S. there is a clear distinction between line and staff, line managers in Germany are themselves responsible for many staff functions. To a large extent the staff is built into the line, with the result that the authority—and job satisfaction—of the line manager is enhanced. Pure staff functions do not enjoy a high status and are not supported, as in the U.S., by a "mystique of management erudition."

The Germans do not see any incompatibility between intellectual ability and educational attainment on the one hand and getting things done at the "sharp end" of industry on the other.

Partly because of the high status of production the foreman or *Meister* has more authority than his counterpart in Britain or the U.S. But this authority is firmly based on the skills and qualifications which he has obtained and which differentiate him from those he supervises. Because his abilities are valued by his superiors, his job may involve quality control, equipment purchase and budgeting as well as traditional functions like manning levels and work allocation.

Similarly the skilled and semi-skilled employees are well trained and encouraged to take on more responsibility—for example, to do their own marking out, job setting, preventive maintenance, minor repairs and so on. This is one of the reasons why factories in Germany have a lower proportion of maintenance workers and ancillary technical staff than in the UK.

Lawrence suggests that Germans have an uncomplicated approach to management which stems partly from the *Unternehmer* (entrepreneur) tradition. The respectable person was not the hired manager but the *Unternehmer* who was directly involved in the business and personally responsible for it. Top managers in Germany are activists, interested in the day-to-day running of the company. Corporate planning and the other "intellectual" activities that go on in the British or American head office have less appeal to the German manager. He tends to see himself as doing a particular functional job—"in design," or "in production control"—rather than as a professional manager.

Echoed

"The management idea," says Lawrence, "is a force for generalism and generalisation. If one abstracts management work, analyses it, treats it as a discrete entity and assigns to it its own laws and dynamics, then all this implies some depreciation of what it is that is being managed. So the pure manager does not care whether it is motor cars or mortgages, grapefruit or fork lift trucks. But what it is that is managed does matter in the German scheme of things, because what they choose to emphasise is the product, its quality and knowledge and experience of it."

This theme is echoed by Fores and Sorge in their discussion paper, which argues that the American idea of professional management stems from the 19th century businessman's desire for social respectability. It was a kind of "healing, cohesive balm" whereby the businessman, as a "professional" just like the doctor and the lawyer, could be accepted into the ruling social group.

Later, the authors suggest, the idea lost its original social purpose and became increasingly irrelevant to the real world of business. Business schools were set up which were good at producing staff specialists, not managers. "Crudely put, the whole concoction of self-conscious 'business management' turns out bizarrely to be anti-business. It does not help anyone to make a product or a buck. It makes its adherents want to emigrate to head office where none of the nitty-gritty work of business life goes on."

The authors argue that the German rejection of the business school "professional management" approach has been justified by its economic performance compared with that of the two countries, Britain and the U.S., which have wholeheartedly accepted the "management ethic."

It is a plausible thesis. The authors are right to contrast the actual behaviour of businessmen ("picking one of the possible solutions which is not too terrible in its effects and coming to a quick decision about it with minimal information available and before the next man gets to the same spot") with the idealised picture implied in much of the literature about scientific management.

Does this mean that the UK should close down its business schools and set up German-style technical universities instead? It is hard to believe that thinking rationally about business problems, which is part of what business schools do, is a totally useless activity; some business school graduates have proved oustandingly successful businessmen even by German standards. Perhaps there is a middle way between the Continental and the Anglo-Saxon traditions; each side has something to learn from the other.

lessons that last longest

BY RICHARD LAMBERT

The business of winning. How to succeed in business by really trying, by Robert Heller. Sidgwick and Jackson, £8.95.

BOC, Guest Keen and Nettlefolds, Unilever—a whole range of major companies is currently undergoing what is sometimes a painful process of self examination. They are combing through their portfolios of activities, and slinging out those which do not justify the management or financial effort needed to make them succeed in a period of low growth and low returns.

Candidates for the chop quite often turn out to be the result of acquisitions in the early 1970s. And in getting back to the roots of their business, companies like BOC are discovering that their original activities are actually a great deal more attractive than the so-called growth opportunities of the past decade.

This changed perception is a main theme of Robert Heller's entertaining new book, "The business of winning." He believes that the lessons of adversity last longest and teach most, and the past few years have certainly provided managers with a gruelling education. One consequence is that five popular beliefs of 1970 have been more or less discredited 10 years later—big companies are best; and American multi-nationals are best of all: the company must be run in the best interests of the shareholder: economies of scale are the key to economic success; government efficiency can be improved by the introduction of modern management techniques.

To which might be added a sixth: that someone who can manage one business can automatically manage another.

Heller lists 12 rules which "have already lasted as long as business itself" and which encapsulate the business of winning. They are, he says, the key concepts behind one of the great corporate success stories of the 1970s (unnamed, but apply to BTR for details).

- Improve basic efficiency—all the time.
- Think as simply and directly as possible about what you're doing and why.
- Behave towards others as you would wish them to behave towards you.
- Evaluate each business and business opportunity with all the objective facts and logic you can muster.
- Concentrate on what you do well.
- Ask questions ceaselessly about your performance, your markets, your objectives.
- Make money—because, unless you do, you can't do anything else.
- Economise, not just because that's an easy way to make money, but because doing the most with the least is the name of the game.
- Flatten the company, so that authority is spread over many people, instead of being piled up at the apex of some unnecessary pyramid.
- Admit to your failings and shortcomings, because only then will you be able to improve on them.
- Share the benefits of success widely among all those who helped to achieve it.
- Tighten up the organisation whenever you get the chance—because success tends to breed slackness.

This list captures the essence of Heller's book. It combines a solid base of commonsense with a dash of jargon, a liberal pinch of evengelism, and the occasional hint of a truism. It also makes up a truly atrocious acronym—IT BECAME FAST (get it?) to go along with a host of others, such as PROBE, KISS, MILO or LIMO.

Although we are told that Sir Arnold Weinstock, "an arch-pragmatist (as all good managers should be), is no man for magic formulas," scarcely a chapter goes by without a list of golden rules or checkpoints. As editor of Management Today, Heller speaks with authority when he says that "the manager does not need mental pyrotechnics"—and none are required to grasp the message of this book.

If you are aggressive, fit (the good executive does well to go on 12 minute, mile-and-a-half runs four times a week) and pushing to the top of your "people involvement team," htis book will undoubtedly repay your time. Although it admits that managers cannot so much be taught as trained, it contains a great deal of practical wisdom against which successful managers can check their performance.

If, on the other hand, you are fat, 50 and struggling to keep things going in some half-forgotten outpost of a lame conglomerate, it may be advisable to steer clear of Heller's new book.

It could be the last straw.

Other recent publications

Human Aspects of Management, by Derek Biddle and Robin Evenden. Institute of Personnel Management. £7.95.

THIS AIMS to enhance managerial skills of analysis, diagnosis and action regarding people at work. It analyses the nature of organisations, authority and management.

The Companies Act 1980, a practical guide, by Victor Joffe, assisted by Andrew Hochhauser. Oyez. £7.50.

IN ITS formative stages this Act went through some about turns and grew more and more extensive and ever more complicated in its coverage. This book sets out to make the Act more easily understandable and describes the new procedures which must be adopted. Areas subject to substantial alteration which the book embraces include company classification and registration; payments for share capital; distributions of profits and assets; and, of course, insider dealing.

The Future of the British Conurbations: policies and prescriptions for change. Edited by Gordon Cameron. Longman, prices £15.50 and £7.95.

AGAINST A background of decline in Britain's major cities, with population and business life flooding out of them, this book draws together a collection of essays by academics and senior public officials, focusing on the social and economic problems arising as the conurbations adapt to this decline.

The Top 1,000 Directories Used in British Libraries—1980. Edited by Virginia Seymour. Alan Armstrong and Associates, £14.95

THIS LISTS the current edition and price of directories, annuals and reference books, including overseas directories heavily used in the UK.

The London Business School Small Business Bibliography. Published by the London Business School, price £47

THIS IS a collection of references to works primarily directed at issues facing characteristically small business. There are nearly 2,700 references to work of some 1,700 authors, the majority of which have appeared in the 1970s.

The Large Industrial Enterprise, by H. D. Watts. Croom Helm. £19.95

DRAWING on British, European and North American material, the author argues that large firms have more in common with each other than with small firms in the same industry and that concentration of industry in large forms is increasing.

The Industrial Challenge, by Christopher Claxton. Associated Business Press. £9.95

THIS SETS out to embrace a broad spectrum of industrial life, suggesting ways that companies can sell overseas almost as easily as in their home markets; and how they can more easily break into the EEC. It looks at the problems of winning overseas project contracts and discusses ways in which companies improve productivity and how financial resources can be made available that are suitable to current trading conditions.

The Exhibitors Handbook 1980, edited by Jean Cochran and Michael Edwards. Kogan Page. £9.75

THIS AIMS to provide intending exhibitors with all the data they need to organise an exhibition display. There is a national and international calendar of events for 1980-81, listing more than 2,000 exhibitions, and there are details of more than 250 UK and overseas exhibition venues. As well as a number of features discussing different aspects of exhibition organisation, there are indixes of exhibition organisers, consultants and companies involved in stand design and construction.

Consolidated Accounts in Europe: Current Practices and the Likely Impact of the EEC Seventh Directive. Ernst and Whinney, published by Financial Times Business Information, £48.

THE SUBJECT matter has been extensively researched although no new ground is broken. However, it is comprehensive and is useful from the point of view of bringing together the detailed information of consolidation requirements in the EEC and pinpointing where major changes will be necessary in each country as a result of the Seventh Directive.

Managing Negotiations, by Gavin Kennedy, John Benson and John McMillan. Business Books. £8.95.

THIS sets out to enhance negotiating skills by presenting a framework for dealing with customers, suppliers, trades unions, and a variety of other people. Pitfalls and elementary errors are highlighted and each step in the framework is supported by examples from a wide range of negotiations in industry and commerce. A negotiators "checklist" is included with each chapter, together with "memory joggers" for tactical planning.

BUSINESS BOOKS

Motor marriages in the 1990s

BY KENNETH GOODING

The future of the world motor industry, by Krish Bhaskar. Kogan Page, £13.50.

THERE IS a widely-held theory that sometime in the 1990s the world will be left with but a small handful of motor manufacturers, each with a huge output of cars and trucks but producing them at various strategic points around the globe.

However, when senior executives in the industry who subscribe to this idea are invited to name the survivors, they tend to smile and evade the question. The smile is meant to suggest: "Of course my company will be one of them but diplomacy does not permit me to mention those which will flounder."

That is not the case with Prof. Bhaskar, who identifies six major car manufacturers likely to dominate world car production during the 1990s: General Motors and Ford of the U.S.; a "French group"; Toyota and Nissan of Japan and a Communist bloc grouping centred on Russia's Lada.

The "French group" would consist of Renault and Peugeot-Citroen—"there can be little doubt that eventually the common French national interest will force the two companies closer together"—plus American Motors Corporation, Volvo of Sweden "and associated companies."

The basic criterion for these major combines would be to have production capabilities spread across the world with a total annual capacity of 6m or more vehicles.

Prof. Bhaskar argues that the six between them would have an annual production capacity of some 50m-60m vehicles and this should be ample to service the world's needs during the 1990s.

"There must be no natural presumption, therefore, that what are by any standards huge companies (for example Chrysler, Volkswagen and Fiat) will actually survive."

Only if GM, Ford or the French combine lost market share throughout the world would there be room for eight groups, the other two perhaps might be a merged Chrysler-Mitsubishi, U.S.-Japanese concern, and a Volkswagen-Fiat combination, says Prof. Bhaskar.

Unfortunately, either through lack of space or because he could not be bothered, Prof. Bhaskar does not outline the elements which led him to these conclusions.

For example, he himself makes the point that such is the economic importance of the motor industry that government intervention in its operations will increase substantially from now on, yet he does not put forward any reasons why governments should or would stand by and let such a traumatic structural rationalisation of the industry take place.

Tendency

Indeed, throughout the book he has the infuriating tendency to make provocative statements, apparently set off to justify them, but then leave his argument hanging uncompleted. If the reader concentrates hard enough, though, he might well find the final part of the theory several pages later.

In fact, Prof. Bhaskar's book is no easy read. His style is dry and devoid of much style or any humour. Facts and figures come tumbling over one another at a hectic rate. One longs for the occasional anecdote or even the merest hint that he himself has actually talked at length with some of the industry's prominent personalities rather than just relying on a Press cutting service.

But, that said, the book is worth the money because of the wealth of detailed information it brings together in one volume. Even though some of the statistics are extremely dated (those for the USSR and the Middle East often go no further than 1975 for example) if you want to know which motor companies are doing what, where and to whom, this is the place to look.

And one cannot but look kindly upon anyone who remembers that there is more to the motor industry than passenger cars. Prof. Bhaskar includes the commercial vehicle side of the business even though it does not get such a thorough examination.

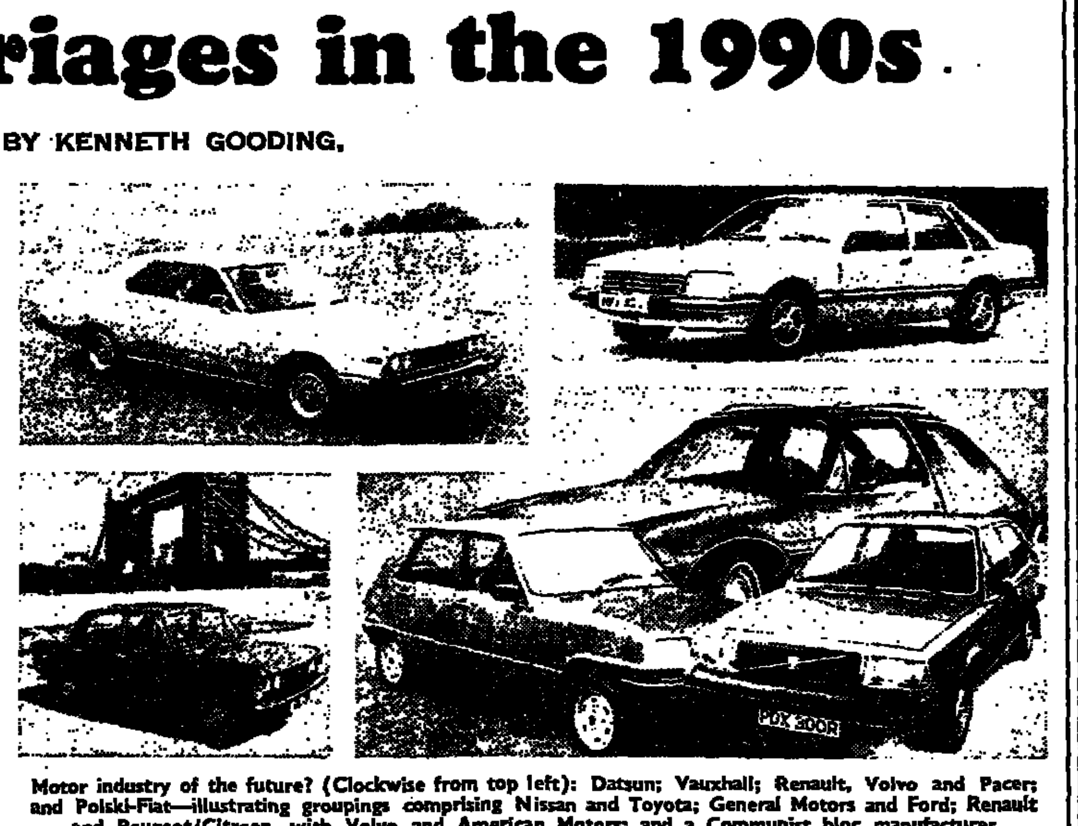
There is also enough in the book, ranging from matters of detail through questions of interpretation to forecasting methodology issues, to keep economists and the motor industry itself arguing for some time.

Not the least of these matters is Prof. Bhaskar's underlying assertion that "contrary to some informed opinion, there seems to be no practical limit to car demand given sufficient energy and other resources." He speaks about "several-car families" in the 1990s when, he maintains, the fuel problem will have been eliminated.

By that time, he says, the mature markets of today—North America, Western Europe and Japan—will have merged into a single, indistinguishable market in which 23m to 33m vehicles will be sold annually during the 1980s. Japan, likely to overtake the U.S. as the number-one manufacturer this year, will drop back again because ultimately it will experience the same difficulties which confront America and Europe.

The mature markets and the three main areas with developing motor industries—the Communist bloc, the Middle East and South America—get most of Prof. Bhaskar's attention.

But he spares a chapter for the "infant" markets, such as Africa and Asia, which, as he points out, will eventually have an annual demand equivalent to or approaching that of the current (and future) North American or Western European markets.



Motor industry of the future? (Clockwise from top left): Datsun; Vauxhall; Renault, Volvo and Pacer; and Polski-Fiat—illustrating groupings comprising Nissan and Toyota; General Motors and Ford; Renault and Peugeot/Citroen, with Volvo and American Motors; and a Communist bloc manufacturer.

Product liabilities

BY A. H. HERMANN

Product Liability and Safety Encyclopaedia Service Issue 1, by C. J. Miller, Butterworth, loose-leaf, £21 alone, £49 complete work.
Product Liability, by M. Dewis and D. C. Hutchins and P. Madge, Heinemann, pp 288, £11.50.
International Insolvency and Bankruptcy, by J. H. Dalhuisen, Mathew Bender, New York, two loose-leaf volumes, pp 781, US$200.
The International Arbitral Process. Public and Private, by J. G. Wetter, Oceana, 5 volumes.
New Encyclopaedia of Employment Law and Practice. Editor Frank Walton, Centurion Publications, loose-leaf £27.50 plus £14.50 annually for updating service.
Banking Act 1979, by Morison, Tillett and Welch, Butterworth, £18, pp 205.
Aviation Insurance, by R. D. Margo, Butterworth 1980, £40, pp 356.
Doing Business in Spain, by I. S. Blackshaw, Oyez Publishing 1980, £19.50, pp 198.

RECESSION does not slow the pace at which national and international legislatures turn out new regulations; and law publishers keep in step.

Butterworth has delivered Service Issue 1 to its Product Liability and Safety Encyclopaedia, edited by C. J. Miller, who was co-author of a more concise work published in 1977 which dealt with the general principles of product liability in U.S. and Commonwealth context. The encyclopaedia, a very detailed loose-leaf handbook, deals also with safety regulations, including those made by EEC. It is well organized and lucidly written. The first issue updates the work to September 30, 1979.

Those who can do with less exhaustive treatment can turn to Product Liability (published in co-operation with The Institute of Quality Assurance), a more manageable book where law, insurance and quality insurance are dealt with separately in its three relatively concise parts. The main ground covered is the UK, with references to EEC and the U.S., including the U.S. Draft Uniform Law on Product Liability, which is largely, but wrongly, ignored in European discussions of the subject. It should be noted, however, that the draft Anglo-American judgments Convention, discussed in the book, has since been definitely shelved.

Two other big loose-leaf volumes published recently in the U.S., present the result of many years research, concluded in November 1979, into the field of international enforcement of monetary claims through judgments, creditors remedies, bankruptcies, and other insolvency proceedings. In the first volume of 414 pages, J. H. Dalhuisen provides an analytical survey of the law, from the basic principles developed by Roman jurisprudence to the latest EEC thoughts on the subject. The second volume contains all the relevant international conventions. An international lawyer will find in the book much that is applicable also in other branches of law.

Arbitration

Still in the heavy league, there is the impressive five-volume work of J. Gillis Wetter, the eminent Swedish lawyer, on the international arbitral process. It ranges from disputes between commodity dealers, and deals with principles, rules, practice and institutions, both analytically and by reproducing documents. The 1979 Arbitration Act made London more attractive for arbitration of international industrial disputes and Dr. Wetter's work will be of great interest to company lawyers and arbitrators.

Another loose-leaf encyclopaedia claims to enable the smaller businessman to find his way in the employment field without the help of a lawyer. Certain parts will be helpful in this way and there is quite a lot of practical advice to problems neatly arranged under an A-Z thumb index. But when it comes to the nicer (which means the more obscure) points of the law, the encyclopaedia slips into legal language and those parts will probably be more useful to lawyers than managers. Its usefulness here will be in guiding a non-specialist lawyer through the intricacies of employment law. There are three updating service issues per year and the price seems to be very reasonable.

In contrast with the heavy tomes of loose-leaf publications the commentary on the Banking Act 1979 is a slim volume. The three authors are on the staff of the Inter-Bank Research Organisation. They succeeded in presenting the new rules on bank recognition very clearly, not shrinking from grey areas of the act, and where necessary bringing it into a wider context of banking law and practice.

Aviation Insurance, although one of the more specialised books, has a surprisingly wide range, from air cargo to hovercraft and satellites. It describes the London aviation insurance market, deals with principles as well as with the bits of paper used by insurers and brokers, and discusses the relationship between the insured, the broker and insurer. It is a well written and well produced book.

The increasing importance of Spain as a trading partner will make many turn eagerly to Doing Business in Spain. The title of the book fits it into the publishers "Doing business in . . ." series, but is not sufficiently descriptive. Only the last 10 pages deal with imports and exports, contracts, banking, insurance and arbitration, the bulk of the book is about various aspects of foreign investments in Spain. It describes the legal system applicable to transfers of technology, corporate organisation, labour relations but includes also information on the legal aspects of portfolio and real estate investments. It is a lucid exposition of the rules applicable to investment. Let us hope that the author will write a second book about the practical aspects of their application, which may substantially differ from the legal texts.

Marine disaster complexities

BY WILLIAM HALL

Black Tide Rising: the wreck of the Amoco Cadiz, by David Fairhall and Philip Jordan. Andre Deutsch, price £8.95.

THE LOSS of the 220,000 dwt Amoco Cadiz on the Brittany coast in 1978 causing widespread oil polution is the most celebrated marine disaster of the last decade. Everyone from the tragic master of the ship, Captain Pasquale Badari, down to the Breton fishermen and the scientists from Texas A & M University have had their say and still the debate rolls on.

Now, Fairhall and Jordan, both Guardian journalists, have written the first book to examine a major oil pollution incident.

As a landlubber's guide to one of the most complex marine casualities of recent times the book is a worthwhile contribution, but it adds little to what is already known. The scientists and the lawyers are still arguing and not all the official inquiries have been completed. At best Black Tide Rising is a useful interim report.

The debate over the loss of the Amoco Cadiz is going to drag on for several years to come. The lengthy legal proceedings to establish who is liable for the massive oil pollution have hardly begun and in many ways these could prove more fascinating than the chronicling of events so far.

When it went aground in 1978 the Amoco Cadiz generated more publicity than any other recent shipping accident. The disaster certainly highlighted disastrous weaknesses in maritime regulations and standards. The anchors, for example, were not strong enough to hold the ship, and the steering gear was patently inadequate.

Many lessons have been learnt as a result. IMCO, the UN body charged with looking after maritime safety, has tightened up its rules and maritime countries have been warned that they need access to powerful tugs if another Amoco Cadiz disaster is to be averted.

However, in all the endless pages of analysis and discussion about the wreck of the Amoco Cadiz it is generally forgotten that only one person has so far really suffered as a result of the disaster and that is the unfortunate Captain Badari who has had his master's licence suspended by the Liberian authorities pending the final decision. So he has lost the means of earning a living.

Captain Badari no doubt made mistakes, but given the complexity of the reasons for the loss of the Amoco Cadiz it seems manifestly unfair that one man alone should suffer for a disaster in which there were many culprits.

Early Wall St. advance of 9.5

SPURRED ON by steady demand from institutions, Wall Street moved sharply higher over a broad front in heavy early dealings yesterday.

The Dow Jones Industrial Average strengthened 9.47 to 886.77 at 1 pm, while the NYSE All Common Index advanced 87 cents more to $66.31 and rises outpaced falls by a five-to-two margin. Trading volume expanded to 32.71m shares from Tuesday's 1 pm level of 25.24m.

Analysts said the recent drop in interest rates continued to make returns in the stock market attractive to money managers faced with an influx of cash from maturing short-term debt. They added that the trend was reinforced by end-of-quarter portfolio adjustments.

"Everybody has been waiting for a (stock market) correction that doesn't happen and they come piling in," said Michael Metz, of Oppenheimer and Co.

Precious Metal, Oil, Glamour and Blue Chip issues rose. In the Precious Metals group, ASA gained ¾ to $52¾, Dome Mines 2½ to $90⅞, Homestake ⅞ to $73, Hecla 1⅜ to $37 and Campbell Red Lake 1⅝ to $46¼.

Campbell Red Lake is to participate in a venture to explore for oil in Western Canada led by Dome Petroleum, which hardened ⅞ to $72½ on the American xchange.

Active Texaco gained ⅝ to $37⅞, Mobil 1½ to $74⅞, Exxon ⅝ to $68⅞ and Superior Oil $7 to $170.

IBM put on ⅞ to $60⅞, General Motors ⅞ to $47⅞, General Electric ⅝ to $51⅞, Walt Disney $1 to $49½ and Procter and Gamble 1¼ to $75.

Active Esmark rose 1⅞ to $46¼. On Tuesday it said it was considering major changes in its business, including selling some operations and a bid for some of its stock.

Volume leader Mesa Royalty Trust lost 2¾ to $36½. A block of 378,400 shares were moved at $35½.

THE AMERICAN SE Market Value Index climbed 4.29 to 293.75 at 1 pm. Volume 3.66m shares (2.44m).

Canada

A widespread advance also took place on Canadian markets yesterday morning in busy trading. The Toronto Composite Index rose 17.5 to 2,049.4, while Golds moved up 144.9 to 4,116.5 and Oil and Gas 90.88 to 4,684.1. In Montreal, Banks gained 2.07 to 355.98.

Tokyo

Shares prices tended to further retreat in active dealings, with Oils, Light Electricals, Nonferrous Metals and some large-capital issues closing prominently lower.

The market, buoyant at the start of the week on the Liberal Democratic Party's election victory, had since become cautious on uncertainty about who would be the successor to the late Prime Minister Masayoshi Ohira.

The Nikkei-Dow Jones Average lost 45.12 more to 6,761.25 and the Tokyo SE index 2.26 to 469.38. Declines outscored advances on the First Market section by 386 to 258, while turnover reached 400m shares (350m).

Nippon Oil fell Y70 to Y1,630, Teikoku Oil Y50 to Y1,080, Matsushita Electric Industrial Y20 to Y680, Dowa Mining Y25 to Y464, Sony Y90 to Y2,170, Hitachi Y7 to Y268 and Olympus Y12 to Y885, the last-mentioned despite reporting an upsurge in first-half earnings. TDK Electronic dipped Y50 to Y2,270, Yamaha Motor Y49 to Y900 and Honda Y15 to Y555.

Australia

The recently strong Oils group was subjected to further profit-taking but closed no worse than mixed. Injecting new life into the sector late in the session was news of what appeared to be a major gas discovery in Western Australia.

Strata Oil reported just before the close that its Woodada No. 1 well was flowing at a daily 12.5m cubic feet of gas and 24 barrels of condensate and the shares responded with a rise of 30 cents to A$1.05.

Oil Shale issues mainly relinquished a little ground, with Greenvale and Esperance shedding 5 cents each to close at A$3.20 and A$3.75 respectively. Sector leader Central Pacific, however, managed a gain of A$1.00 to A$66.

The Coals sector mainly continued to firm on news that nations attending the Venice summit planned to double coal consumption. Howard Smith added 50 cents at A$9.50 and Coal and Allied 35 cents at A$12.35.

BHP shed 5 cents to A$14.80 despite its record steel production, but the combination of CSR's oil shale interests and the granting of higher domestic sugar prices pushed the latter 16 cents up to A$7.12.

Among irregular Minings, Haoma Gold gained 20 cents to A$3.72, Poseidon 17 cents to A$3.72 and North Kalgoorlie 8 cents to A$1.73, but Western Mining receded 8 cents to A$5.16 and MIM 9 cents to A$4.46.

Hong Kong

The market closed mixed yesterday in the wake of heavy two-way trading following Sir Y. K. Pao's successful tender offer for 20m Hong Kong and Kowloon Wharf shares at HK$105 cash per share, increasing his stake to 49 per cent.

The Hang Seng index, however, after the recent upsurge, declined 6.69 to 1,007.51, dragged down by a fall in HK Wharf, in which dealings were resumed yesterday after a three-day suspension. Compared with the pre-suspension price of HK$77, HK Wharf restarted with an opening level of HK$80 but subsequently fell to close at HK$73.

Hong Kong Land, in contrast, rose 30 cents to HK$ 13.10 on news that it has sold 10.1m Wharf shares for about HK$1.06bn after its own offer for Wharf shares lapsed.

Cheung Kong gained 10 cents to HK$15.20, Green Island HK$1.50 to HK$56, Mai Hon 40 cents to HK$6.20, HK Hotels HK$1 to HK$38, SHK Properties 10 cents to HK$11.70 and Pand Y 10 cents to HK$2.65.

Hang Seng Bank put on HK$2 to HK$122, but Jardine Matheson receded 50 cents to HK$16.80, Hutchison Whampoa 15 cents to HK$9 and HK Bank 10 cents to HK$15.60.

Paris

Bourse prices were firmer for choice after active trading, with Oils performing well.

CFP put on FFr 5.1 to FFr 258.4 after news that its Total Proche Orient unit had struck oil in the Gulf of Suez. Raffinage rose FFr 5.8 to FFr 184.8 on reporting sharply higher group net profits.

Germany

Profit-taking caused most shares to decline yesterday following the recent uptrend. The Commerzbank index lost 5.8 to 730.2.

However, dealers said there was some fresh support at the lower levels, especially for Engineerings, where KHD finished 40 pfennigs higher at DM 217.40.

BASF, in Chemicals, shed DM 1.20 to DM 147.80 ahead of today's shareholders' meeting. Dresdner Bank receded DM 3.50, while among Motors, Mercedes fell DM 4 and BMW DM 4.50.

Johannesburg

Gold shares and Mining Financials advanced in line with the strengthening Bullion price.

Among Financials, GFSA climbed R1.75 to R53.25 and Anglo Vaal R3 to R45, while in Heavyweight Gold Producers, Harties rose R2 to R82.50 and Western Holdings R2 to R74. Medium and Lightweights were up to 50 cents firmer.

Platinums were mixed, with Lydplats rising 10 cents to R3.70 after interim figures.

Closing prices for North America were not available for this edition.

More aid for farm co-ops

INCREASED aid for Agricultural Co-operatives was announced by Mr. Peter Walker, Minister of Agriculture, speaking in London yesterday.

Subject to Parliamentary approval the maximum rate of grant for capital investment by co-operatives in central marketing facilities will be increased from 22½ per cent to 32½ per cent with effect from October 1. At the same time, the funds available to the Central Council for Agricultural and Horticultural Co-operation are being increased from £391,000 to £500,000.

While making the announcement the Minister said "British produce at its best is a match for any in the world, but it is most important that British farmers and growers should get together to market to the best advantage.

"I hope that the retail trade, particularly large retail chains which are committed to high quality produce, will do everything in their power to encourage this development.

German minister urges change in EEC farm policy

STUTTGART — *The present EEC farm policy must be adapted to take account of market forces and the EEC budget, state secretary of the West German agricultural ministry, Hans Rohr said.*

He told a meeting of German farmers the costs of a future milk surplus, as compared with 1979, must be borne by producers, while future sugar payments should not adversely affect the EEC budget.

All subsidy expenditure should be examined as should future payments for products which come under EEC regulations after Spain and Portugal join the Community in 1983, he added.

Reuters

Paris exchange turnover up

PARIS — *Turnover on the Paris Commodities Exchange rose to FFr 21bn (£2.19bn) in the first five months of this year compared with FFr 13bn last year and FFr 10bn in 1978, M. Michel Wiart, president of the Exchange Commissioners Association, said.*

Reuter

Sugar production down in Cuba, South Africa

BY OUR COMMODITIES STAFF

WARNINGS OF lower sugar *production* came yesterday from Cuba and South Africa. The *London market remained* steady and prices hardened slightly at the EEC *weekly tender.*

Although the total Cuban crop has not been *announced, it is* expected to be below 7m tonnes compared with nearly 8m tonnes last year. Western diplomats in Havana have forecast a figure of between 6.4m and 6.8m tonnes. The main cause of the fall is a sugar rust disease.

South Africa's sugar production this year is likely to be lower than the present estimate of 1.7m tonnes, Mr. Frank Jones, chairman of the South African Sugar Millers' Association, said yesterday. Other industry sources expect the crop to be about 1.6m tonnes, the lowest since the 1970-71 season. South African production last year was 2.1m tonnes.

The sharp fall in output is the result of a long drought which has affected about 60 per cent of the cane fields. The South African Government recently announced a financial assistance package for cane growers.

With local demand expected to account for about 1.15m tonnes, South Africa's sugar exports this year are unlikely to exceed 500,000 tonnes. Last year South Africa exported about 1m tonnes, including its 844,000-tonne quota under the International Sugar Agreement.

Mr. Jones said that local and export demand are each likely *to grow by about 200,000 tonnes* during the next five years. The *South African industry should* gear itself for a major expan*sion programme, he said.*

Bolivia's 1980 sugar production is *forecast at about* 296,000 tonnes, which will be 7,400 tonnes above last year's output, according to a U.S. Agriculture Department field report. Bolivia is expected to export its full quota of 100,740 tonnes this year.

A first shipment of 14,000 tonnes of imported sugar arrived in Bombay this week following India's purchase of 200,000 tonnes to meet temporary shortages in the current season. Deliveries are expected to *be* completed *by* the beginning of August.

The European Commission has authorised exports of 34,700 tonnes of white sugar at a maximum export levy of 7.07 European Currency Units per 100 kilos at yesterday's weekly tender. *The Commission also* authorised exports of 14,000 *tonnes of raw sugar at a maxi*mum levy of 9.55 ECUs per 100 *kilos.*

The white sugar went to West German traders (6,700 tonnes), to Belgian traders (8,000), to French traders (9,000), to Dutch traders (2,000) and to British traders (9,000). All the raw sugar went to British traders.

The Commission price for white sugar equates to a price of about $790 a tonne fob—an increase of $10 on last week's price.

Alcoa Brazil to build two plants

RIO DE JANEIRO — Alcoa Aluminio is to spend $1.3bn to build two plants to produce annually 100,000 tonnes of aluminium and 500,000 tonnes *of alumina in the northern* state of Maranhao, Alcoa has said.

The alumina plant is to start production at the end of 1983 and the aluminium installation in *mid-1984. Both* will be sited near Sao Luis.

Alcoa could expand initial production to 500,000 tonnes *of aluminium and to 3m* tonnes of alumina if demand *merits.*

Alcoa signed the protocol for the project with the Government yesterday and work is likely to start next month, the spokesman said.

The company expects about half of the initial output of alumina and aluminium to be sold abroad. The bauxite for the project will come from the Trombetas operation of CIA Vale do Rio Doce.

Alcoa Aluminio is owned 68 per cent by Alcoa of America and 32 *per cent* by Hanna Mining of Ohio.

Reuter

Moves to seek new wheat pact

THE International Wheat Council has requested a closer look at proposals for a flexible *International Wheat Agree*ment, based on nationally held *but internationally co-ordinate* stocks.

It asked the committee which was set up following the failure to negotiate a more rigid wheat pact in Geneva in February last year based on fixed price triggers for the release and accumulation of reserve stocks. Further consideration will be given to the question during the autumn.

Wheat imports into the UK in the first 10 days of June amounted to 86,759 tonnes and maize 88,235 tonnes, the Home Grown Cereals Authority reported.

Cumulative wheat imports from August 1, 1979, to June 10, 1980, fell to 2,062,000 tonnes compared with 2,214,000 tonnes a year earlier, and maize *imports* 2,614,000 tonnes against 2,929,000 tonnes.

The HGCA said reduced wheat imports reflect increased usage of domestic production by compounders, which in turn was partly due to its price *competitivenes with feed barley.*

Use of maize for human con*sumption in Britain has shown* an increase this season, but this has been counteracted by reduced usage in animal feed due to price factors, the HGCA added. Reuter.

● Argentina's cereal and oil*seed crop yields have increased* steadily in recent years in *response to improved farming* techniques, the Agriculture Secretariat reported.

Between the 1969-74 and 1974-79 five-year periods, yields per hectare rose 18.9 per cent for maize; 31.6 per cent for sorghum; 10.2 per cent for wheat; 41.7 per cent for soyabeans; 21.9 per cent for groundnuts; 13.5 per cent for sunflowerseed; and 7.5 per cent for linseed.

More potatoes eaten in UK

THE BRITISH may be more *diet and health* conscious but they are eating more potatoes *now* than at any time for the last five years, according to *figures published yesterday.*

Last year, each Briton ate about 215 lbs of potatoes compared to 200 lbs the year before

The Potato Marketing Board said that about one quarter of last year's *home* crop was processed, canned or frozen. Total *consumption last year was* 5.3m tonnes

The figures show that the King Edward, once the *traditional British potato, is* continuing to slip down the *popularity* table.

Manila coconut oil for China

Coconut Authority (PCA) reported the sale of 10,500 tonnes of crude coconut oil to China at the weekend.

The price was said to be 28.8 U.S. cents a pound, and will be shipped in July and August.

Reuter

U.S. criticised by Malaysia over tin talks

KUALA LUMPUR — Tengku Ahmad Rithauddeen, the Malaysian Foreign Minister, accused the U.S. yesterday of hindering the signing of the new International Tin Agreement.

Although he mentioned no names, Malaysian officials said he was referring to the U.S.

In his address at the 13th meeting of Association of South-East Asian Nations (ASEAN) Foreign Ministers, Tengku Ahmed said that "the recent UN conference to negotiate the sixth International Tin Agreement ended prematurely because of the uncompromising and unco-operative attitudes of some consumer delegations at the conference."

The Foreign Minister warned that "having had an international agreement on tin for the last 20 years, it would not auger well for future producer-consumer relations . . . if consumers and producers cannot find a common ground for a sixth agreement to replace the existing one which expires in June, 1981."

AP-DJ

INTERNATIONAL FISH INDUSTRY

Changing patterns of world fishing

BY BRIJ KHINDARIA IN GENEVA

THE GAP between world *demand and supply of fish pro*ducts is expected to increase from about 8m tonnes this year to more than 30m tonnes by the year 2000, but it will be increasingly difficult to expand catches quickly because of depletion of stocks and unprecedented changes in the world's fisheries industries.

The main cause for the changes stems from the UN Conference of the Law of the Sea (UNCLOS) which has yet to be concluded but has already provided the legal basis for declarations by 93 countries extending national sovereignty over surrounding seas from 12 miles to 200 miles.

The 200-mile exclusive economic zones raise considerable problems for the traditional Western fishing nations, and have opened the door to a period of legal bickering over fishing rights.

Fish are seen as money-spin*ing natural resources* by developing country governments, *who now want to deny* foreign fishermen the right to *make catches in their 200-mile* zones without prior agreements *laying down terms of compensa*tion.

Traditionally, foreign fleets have caught more than 16m *tonnes of fish a year in waters* within 200 miles of the shores *of other countries. About one*-third of this catch, with a landed value *of $2bn is taken off the* shores of developing countries.

*Almost 99 per cent of the pre*viously international fishing waters fall within Exclusive Economic Zones, raising the need *for an entirely new set* of contractual and business practices to establish co-operation between governments and *foreign fishermen. One inevit*able result will be the shrinkage of long *distance* industrial fishing fleets and the development of local small and medium-sized fleets.

The U.S. and Canada are the biggest beneficiaries of the new zones because they have large coastlines as well as the means to help local fishermen to exploit them. They also have the abilities to prevent depletion through better management and to police the zones.

Among countries worst hit will be the Soviet Union and *both* western and eastern European nations, which own most *of the world's distant water* fishing fleets.

Recognising fish as a vital protein-rich food, the UN Food and *Agriculture Organisation* has begun a big programme to *help developing countries to* manage their fisheries. The aim *is to prevent depletion while* building up national fisheries *industries. particularly on small* and medium scales, without *drastically upsetting traditional* world fishing patterns.

The share of the world catch taken by developing countries *has already increased from 27* per cent in 1950 to 46 per cent *in 1977, and should rise to 58* per cent by the year 2000, *according to FAO estimates.*

Just two countries, Japan and *the Soviet Union,* take more than one-quarter of the total *catch of industrialised countries.* Other large fishing nations are *China, Norway,* U.S., Peru, India and South Korea.

The total world catch of fish and crustacians for human and *animal consumption* will be about 75m tonnes this year, *increasing to 85m* tonnes in 1990 and 93m tonnes in the *year 2000.*

The yearly rate of increase in fish production in the last decade was only 1 per cent, *down from about 6 per cent a* year during the 1960s because depletion, *pollution, spoilage* and changes in demand patterns.

In contrast, total demand for *fish will be 83m tonnes this* year, rising to 130m tonnes by the year 2000. *Demand for* human consumption will *increase from the present level* of 25m tonnes to 70m tonnes in 1985, and 110m tonnes in the year 2000.

Population growth will account for more than half of this increase. By 1985, China will consume an additional 5m tonnes, *the Soviet Union* and Japan 2m tonnes, and India 1m tonnes.

7votherEt,gyiincrease'z7raccoun

The demand for fish for animal consumption. in the form of *fishmeal and fishoil,* should be 25m tonnes in 2000, up from *23m tonnes this year.*

The fishmeal market has suffered a *serious* setback mainly because of a drastic fall *in Peruvian anchoveta catches* from 12m tonnes in 1970 to 1m tonnes in 1977, stemming from depletion. Atlantic *herring catches have also fallen* and Norwegian capelin fishery *is showing signs of decline.*

FAO estimates that the fish *supply shortfall can be fully* bridged provided that at least $30bn are invested during the next 20 years to develop *fisheries industries in both rich* and poor nations.

Of the 30,000 known species of fish, only about 100 are caught regularly for human consumption. As much as 300m tonnes of new species could be fished by the year 2000 provided that means are found to process them in ways attractive enough to make them popular with consumers.

Even catches of the so far popular species can be increased to 120m tonnes by the year 2000 through better management, and prevention of depletion and wastage. Another 40m tonnes could come from fish farming, compared with 6m tonnes currently.

French stockpile plans

FRANCE is to establish a raw materials fund within the next few days to purchase stockpiles of strategic commodities, according to the economy ministry in Paris.

The fund has been allocated around FFr 1.5bn (£156m) to purchase mainly copper, lead, tungsten and chrome during the 18 months up to the end of next year, in order to prevent any future shortages of the metals

The fund will be announced in the official gazette and will issue state bonds

The officials said current fairly low world prices for most of the raw materials involved made it a good time to begin stockpile purchases.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Barely changed on the London Metal Exchange despite news that U.S. copper workers have rejected the first new wage offer by Inspiration, *Phelps, Dodge and Asarco.* Three months edged up to £880 on the pre-market but this level brought out trade selling which depressed the price for the rest of the day. Three months fell *to the day's low of £870 in the after*noon Rings but recovered a shade to close the late Kerb at £871.5. Turnover: 22 325 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	848.5-9	+2.75	850-1.5	+1.25
3 months	874-.5	+.75	875-.5	—2
Settlem't	849	+2.5	—	.....
Cathodes				
Cash			820-2	—3
3 months	820-1	+5.25	850-2	—3
Settlem't	850-1	+5.75	—	.....
U.S. Prod	821	+3	*88-90	.....

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £848, 49, three months £877, 76, 74. *Cathodes, cash* £820. Karb: Wirebars, three months £875, 76. Afternoon: Wirebars, three months £877, 76.5, 77, 76, 75.5, 75, 76, 75. Kerb: Wirebars, three months £783.5, 74, 73.5.

TIN—Marginally higher in quiet trading. Forward metal opened around the £7,300 level and remained at that level for most of the morning following small-scale hedge selling. In the afternoon three months *edged up to touch* £7,340 on short covering, but eased to close the late Kerb at £7,330. Turnover: 650 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7340-60	+55	7350-70	+7.5
3 months	7340-60	+10	7350-70	+10
Settlem't	7360	+40	—	.....
Standard				
Cash	7340-60	+55	7350-70	+7.5
3 months	7300-5	+7.5	7315-20	+15
Settlem't	7360	+40	—	.....
Straits. E.	$8150	+4		.....
NewYork	—	.....		.....

Morning: *Standard, three months* £7,300, 7,295, 7,305. Afternoon: Standard, cash £7,380, three months £7,320, 15. Kerb: Standard, cash £7,360, three months £7,340.

LEAD—Little changed on balance. Forward metal moved up to £337 during the morning following renewed short covering and fresh buying but fell back *in the afternoon to close the late Kerb* at £331.5 owing to U.S. hedge selling. Turnover: 11 400 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	328-9	+5.5	323.5-4.5	+3
3 months	334-.5	+3	331-.5	+.75
S'ment	329	+6	—	.....
U.S. Spot	—	.....	*36-40	.....

Morning: Cash £328, three months £336, 37, 36, 35. *Kerb: Three months* £335, 35.5, 36, 37, 36. Afternoon: Three months £336, 35, 34, 33, 32.5, 32, 31.5. Kerb: Three months £331.

ZINC — Moved narrowly between *£307.5 and £301.5 prior to closing the* late Kerb at the latter price. Turnover: 4,700 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	292-3	—1	292-3	—2
3 months	305-.5	—.25	305-6	—1.75
S'ment	293	—1	—	.....
Primw'ts	—	.....	*35.5	.....

Morning: Cash £293, 92, three months £309, 08, 07, 06. Kerb: Three months £306. Afternoon: Three months £306, 05. Kerb: Three months £303, 02.

ALUMINIUM—Rose sharply, reflecting rumours of a further decline in warehouse stocks and fears of a shortage of immediate supplies. Three months moved up to touch £720 before easing *to end the late Kerb at £718.* The market was buoyed by the strong demand for cash metal which widened the backwardation to £10 at the end *of the Kerb.* Turnover: 6,700 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Spot	719-20	+4	729-31	+18.5
3 months	711-2	—1	720-1	+10

Morning: Cash £722, three months £715, 14, 13, 12. Kerb: Three months £713. Afternoon: Cash £730, 32, 31, 27, 28, 30, 717, 19, 20, 17, 18, 19, 20. Karb: *Three months* £719, 18 17.

NICKEL—Little changed after a day of routine trading which left three months metal *slightly higher at £2,780.* Turnover: 102 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
Spot	[illegible]	[illegible]	[illegible]	[illegible]
3 months	[illegible]	[illegible]	[illegible]	[illegible]

* Cents per pound. † On previous unofficial close. [illegible]

Morning: [illegible] Afternoon: [illegible]

SILVER

Silver was fixed [illegible] an ounce higher for spot delivery in the London bullion market yesterday at [illegible] [illegible]

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	[illegible]	[illegible]	[illegible]	[illegible]
3 months	[illegible]	[illegible]	[illegible]	[illegible]
6 months	[illegible]	[illegible]	[illegible]	[illegible]
12months	[illegible]	[illegible]	[illegible]	[illegible]

LME—Turnover [illegible]

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order buyer, seller, business, sales). Australian cents per kilo. [illegible]

LONDON NEW ZEALAND CROSS-BREDS—Close (in order buyer, seller, business, sales). New Zealand cents per kilo. Aug. 361.00, 363.00, 362.00, 1; Oct. 361.00, 364.00, nil, nil; Dec. 362.00, 366.00, 363.00, 2; Jan. 364.00, 368.00, nil, nil; March 369.00, 371.00, 371.00-370.00, 4; May 370.00, 373.00, nil, nil; Aug. 372.00, 375.00, nil, nil; Oct. 374.00, 376.00, nil, nil; Dec. 374.00, 378.00, nil, nil. Sales: 7.

COCOA

Cocoa futures continued to trade quietly within a narrow range for most of the day. Combined commission *house and trade selling during the late* afternoon caused stop loss orders to be touched and prices closed at the lows of the day, reports Gill and Duffus.

COCOA	Yesterd'ys Close	+ or —	Business Done
July	1091-92	—15.0	1106-1085
Sep	1104-05	—20.0	1125-02
Dec	1148-49	—21.0	1168-47
March	1185-86	—21.0	1205-1185
May	1209-10	—21.5	1230-09
July	1231-37	—21.0	1253-46
Sept	1250-52	—14.0	—

Sales: 2,336 (1,072) lots of 10 tonnes.

COFFEE

After a short-lived follow-through from Tuesday, Robustas drifted lower on Commission House selling until find*ing producer-type support £15-£30 down* on Tuesday night's close. This prompted panic short covering which regained most of the lost ground only to meet liquidation, to finish the day *at £15 up to unchanged, reports Drexel* Burnham Lambert.

COFFEE	yesterday's Close £ per tonne	+ or —	Business Done
July	1510-15	+18.5	1525-1482
Sept	1555-56	+9.0	1585-35
Nov	1591-94	+1.5	1615-1565
January	1612-15	+0.50	1625-1582
March	1574-80	—13.0	1600-1555
May	1580-90	—15.0	1580-61
July	1570-1625	+5.0	—

Sales: 7,578 (9,001) lots of 5 tonnes.

ICA Indicator prices for June 24 (U.S. cents per pound): Other Mild Arabicas 169.00 (162.17). Robustas [illegible]

GRAINS

[illegible]

RUBBER

The London physical market opened steadier, with good demand throughout *the day closing on a firm note.* Lewis and Peat reported a Malaysian godown price of 295 (290) cents a kg (buyer, July).

[illegible]

SOYABEAN MEAL

[illegible]

SUGAR

[illegible]

POTATOES

[illegible]

PRICE CHANGES

In tonnes unless otherwise stated.

	June 25 1980	+ or —	Month ago
[illegible]	[illegible]	[illegible]	[illegible]

MEAT/VEGETABLES

[illegible]

AMERICAN MARKETS

NEW YORK, June 25.

GOLD AND silver weakened on the close *despite the firm tone in London.* Copper was supported by the potential strike and the strength in precious metals. Cocoa came under pressure with arbitrage and trade selling. Support [illegible]

April 45.35-45.10, June 47.20, July 47.75, Aug. 48.50.

‡‡Maize—July 284½-284¾ (283¾). Sept. 290¾-290½ (289), Dec. 297½-297¾, March 309¼, May 316¾-317, July 321½.

Pork Bellies—July 35.25-35.10 (34.90). Aug. 34.75-34.90 (34.75). Feb. 53.00-[illegible]

EUROPEAN MARKETS

ROTTERDAM, June 25

[illegible]

INDICES

FINANCIAL TIMES

[illegible]

MOODY'S

[illegible]

DOW JONES

[illegible]

REUTERS

[illegible]

CORAL INDEX: Close 464-469 (+6)

Markets steady after Tuesday's nervous shake-out Vickers/Rolls-Royce suspended prior to merger terms

Account Dealing Dates
Options

*First Dealings	Declarations	Last Dealings	Account Day
June 16	June 26	June 27	July 7
June 30	July 10	July 11	July 21
July 14	July 24	July 25	Aug. 4

* "New time" dealings may take place from 9 am two business days earlier.

Calmer conditions returned to all sectors of London stock markets after Tuesday's unsettled session caused by stockjobbers Wedd and Owen's decision to cease trading and by increasing concern about the business outlook in the UK. The IMF's grim forecast for world economies and, in particular, its reference to the UK Government's lack of success in checking inflation added to these worries.

To the surprise of many brokers, however, leading shares immediately extended the previous evening's partial rally and, although the volume of business was relatively modest, prices moved forward under the lead of Thorn EMI. The latter regained composure after Tuesday's sharp fall on fears of possible U.S. court intervention into the proposed scanner deal.

Shortly before midday, the suspension of trading in Vickers and Rolls-Royce Motors pending an announcement gave cause for much speculation, but the after-hours release of agreed merger terms caused no surprise. Sentiment in the equity sector was also helped by renewed Gilt-edged firmness but, reflecting the afternoon easiness in Gilts, most industrial leaders edged away from the best. Measuring this, the FT 30-share index settled 3.2 higher at 465.9, after having been 5.0 up at noon.

British Petroleum's confirmation of an oil find adjacent to the North Sea Ninian field sparked off after-hours' activity in Oils with BP leading the upward movement.

Much steadier at the outset, British Funds were progressing gradually on revived investment demand when market optimism about the possibility of the longer of the two new tap stocks being oversubscribed was doused by news that applications for both had been allotted in full. The stocks, Treasury 13 per cent 2000 and Exchequer 12¼ per cent 1985 "A," begin life this morning in their respective partly-paid forms. At the close, improvements in Government securities rarely exceeded ¼ after ¼.

South African Golds, along with other producers of the metal, were outstanding on widespread support in the wake of the sharply higher bullion price. Heavyweight SA issues established rises ranging to nearly two points and the FT Gold Mines index closed 19.1 up at 343.6.

The firmer trend in equities prompted the best Traded options business so far this week with a total of 1,053 contracts. Cons. Gold Fields and GEC were particularly active, recording 268 and 227 deals respectively.

Kleinwort Benson firm

Fresh support was forthcoming for Merchant Banks, notably for Kleinwort Benson, which rose 12 to 196p, after 198p. Hambros firmed 6 to 493p and Arbuthnot Latham 5 to 220p, while Keyser Ullmann, the subject of a one-for-one share exchange offer from Charterhouse, added 4 to 88p. First National Finance attracted a useful two-way business and touched 18p before settling at 17¼p for a net gain of 1¼. Consideration of the £2m rights issue left Clive Discount a couple of pence cheaper at 44p. Cattle's, however, hardened ¼ to 32p, the maintained dividend overriding the lower annual profits.

Certain Insurance brokers encountered nervous offerings ahead of details of the Fisher Report expected tomorrow. Alexander Howden shed 6 to 100p, C. E. Heath 3 to 190p, and Hogg Robinson 2 to 104p.

Golds surge ahead

Press comment in a Scottish trade paper reiterating the company's problems over short-time working and reduced profitability prompted steady selling of Distillers, 5 easier at 197p; the annual results are expected next month. Other Wines and Spirits tended easier in sympathy. Macdonald-Martin "A" and Macallan-Glenlivet both shed 10 to 605p and 600p respectively. Irish Distillers announced the expected lower interim earnings, but the gloomy outlook forecast for the second half depressed the shares which ended 7 cheaper at 75p. Leading Breweries attracted a reasonable business but closed a shade below the day's best although regionals usually retained modest gains. J. A. Devenish added 5 to 260p, while Hardys and Hansons firmed a penny for a two-day gain of 6 at 265p awaiting today's interim results.

The Building sector featured BPB, up 9 to a 1980 peak of 213p in response to the better-than-expected preliminary results. Redland, annual results today, eased a couple of pence to 170p. Interest otherwise was subdued by the Blue Circle managing director's gloomy remarks about prospects for the construction industry; Blue Circle slipped to 346p but closed at the overnight level of 348p. Certain Timber issues came on offer, International losing 2 to 105p and Brownlee easing 3 to 86p, but Mallinson-Denny, a dull market of late on the £10.7m rights issue, hardened a fraction to 52½p. Elsewhere, Marshalls (Halifax), a rising market recently on the good results and scrip issue, shed 5 to 183p on profit-taking.

Revertex put on 5 to 50p, after 51p, to match the contested bid terms from Yule Catto, unchanged at 110p. Dealings in Bio-Kil were suspended at 100p following an approach to the company which could lead to an offer. Elsewhere in Chemicals, Plysu met with renewed support and firmed 3 to 99p. ICI rose 6 to 334p, but business remained thin.

Mothercare good

The appearance of "cheap" buyers helped Store majors which recovered most of the previous day's losses. British Home rose 8 to 302p, while Mothercare, 266p, added the same amount in front of today's annual meeting. GUS "A," 430p, and Burton, 125p, picked up 2 apiece, but House of Fraser continued dull, easing a couple of pence to 128p. Scattered support was noted for selected secondary counters. Comet Radiovision added 3 more to 91p, as did H. Samuel "A," at 149p. Lee Cooper, a weak market recently, rallied a few pence to 195p, but support was lacking for Freemans (London SW9), 4 down at 116p.

Thorn EMI, up 11 at 287p, took a decided turn for the better after the previous day's drop of 18 on news that the U.S. Justice Department may block the scanner deal with General Electric of the U.S. Elsewhere in the Electrical leaders, Plessey firmed 2 to 160p awaiting today's preliminary results. Comment suggesting that the surprise rights issue would be unlikely to put off potential bidders caused a strong revival in Ferranti which pushed ahead to close 25 up at the day's best of 567p; the shares shed 11 on Tuesday.

The surprise suspension of dealings in Vickers and Rolls-Royce Motors at 129p and 60p respectively provided the main talking point in the Engineering sector; an agreed merger by way of an offer of one Vickers ordinary share for every two Rolls-Royce shares was announced in the late trading and dealings will resume today. Elsewhere, revived demand left Matthew Hall 9 to the good at 235p, while satisfactory preliminary results prompted a gain of 2 to 45p in Brickhouse Dudley. Apart from Hawker, which found fresh support at 208p, up 4, leading issues trended easier.

Powell Duffryn good

News that the company had lifted its market share to 12.4 per cent stimulated fresh buying in J. Sainsbury which rose 7 to a 1980 peak of 402p. Competitors Tesco shed 2½ to 56½p, but Associated Dairies hardened a couple of pence to 184p. Elsewhere in Foods, Avana came in for support and added 5 to a 1980 peak of 133p.

Trusthouse Forte shed 3 to 187p on half-yearly profits at the lower end of market estimates.

Powell Duffryn featured at 200p, up 20, in response to better-than-expected preliminary results, while Giltspur rose 9 more to 74p on the annual statement. Elsewehre in the Miscellaneous industrial sector, fresh support was forthcoming for cleaning issues; Johnson Group improving 4 to 169p and Sketchley a similar amount to 260p. Disappointing annual results left Renwick Group 6 cheaper at 44p, but Chubb ended unaltered at 93p, after 83p, the slump in annual profits being overcome by the maintained final dividend. Occasional support left BTR 6 to the good at 326p, while buying interest was also shown in ICL which improved 8 to 143p. Associated Communications rallied 2 to 94p following the announcement of the new joint record venture with RCA Records UK.

Oils strong late

Interest in Properties focused on selected secondary issues. Rush and Tompkins attracted good buying and put on 7 to 219p. The undertone in the leaders was firm, but gains rarely exceeded a couple of pence.

Confirmation of the British Petroleum oil find on a structure adjacent to and south of the Ninian field in the North Sea prompted late demand in the Oil sector which ended on an extremely firm note, BP closed 18 to the good at 384p, while the two other partners in the discovery, Lasmo, 735p, and Ranger, £13 1/16, rose 42 and £1 respectively. Siebens advanced 13 to 250p and Pict Petroleum 40 to 430p, while Burmah gained 7 to 231p. Among the on-shore issues, Candecca were outstanding with a rise of 18 to 202p.

Among Financial Trusts, Mercantile House improved 3 to 258p on the increased dividend and profits.

Textiles were mixed, Courtaulds added a couple of pence at 73p, while speculative buying lifted Sidlaw 6 to 102p and Textured Jersey, 49p, firmed 3 in front of today's annual figures. On the other hand, profit-taking clipped 3 from David Dixon, 115p.

A firmer trend was discernible among South African industrials. Abercom improved 6 to 114p, while Barlow Rand closed 25 higher at 395p.

Mining markets enjoyed a day of strong gains and heavy turnover as the bullion price leapt $21 more to $625.50 an ounce.

South African Golds registered their biggest rises since the end of April as heavy overnight American buying was followed by strong demand from London, the Continent and Johannesburg.

Further American interest was reported in the after-hours trade and prices staged a fresh advance to close at the day's best levels. The Gold Mines index jumped 19.1 to 343.6—its highest since March 7.

Heavyweights showed gains of as much as £1¼, as in Vaal Reefs, £27¼, while St. Helena put on £1¼ to £16¼ and Western Holdings a like amount to £27¾.

London Financials advanced strongly in the late business after having traded quietly for most of the day. The heaviest buying was directed towards Selection Trust, which put on ¼ to £11, and Charter Consolidated, up 12 at 205p.

Gold Fields ended 15 firmer at 512p, and Tanks 8 better at 310p. An exception to the general trend was provided by RTZ which continued to attract profit-taking and closed unaltered at 420p, after 428p.

Australians provided features in Strata Oil, Haoma Gold and North West Mining. Following news that production tests on Strata's Woodada No. 1 well in the Perth Basin had revealed gas flows almost double the initial calculated flow rate, Strata surged 28 to a peak 66p while Haoma, which holds 16 per cent of Strata, advanced a like amount to 116p and North West Mining, which has a 25 per cent interest in Strata, jumped 19 to 92p.

In Golds, Gold Mines of Kalgoorlie leapt 20 to 388p, while Poseidon put on 17 to 193p, North Kalgurli 9 to 89p and Samantha 8 to 148p.

Recent high-flyer Greenvale Mining dipped 10 to 145p on profit-taking.

FINANCIAL TIMES STOCK INDICES

	June 25	June 24	June 23	June 20	June 19	June 18	A year ago
Government Secs.	69.78	69.68	70.05	70.53	69.95	70.39	70.57
Fixed Interest	70.82	70.90	70.84	70.84	70.66	70.64	72.25
Industrial	465.9	462.7	469.8	471.8	465.4	475.1	466.9
Gold Mines	343.6	324.5	319.7	325.1	324.2	331.4	178.0
Ord. Div. Yield	7.68	7.75	7.65	7.62	7.69	7.58	6.00
Earnings, Yld. %(full)	18.49	18.65	18.41	18.34	18.55	18.27	16.37
P/E Ratio (net) (*)	6.58	6.53	6.61	6.64	6.56	6.66	7.79
Total bargains	20,268	19,891	22,699	21,972	23,114	28,475	—
Equity turnover £m.	—	101.26	128.56	141.33	136.84	120.85	67.48
Equity bargains total	—	15,394	16,408	16,882	17,693	16,962	10,702

10 am 464.7. 11 am 465.7. Noon 467.7. 1 pm 466.2. 2 pm 465.9. 3 pm 465.8.

Latest Index 01-246 8026.

* Nil = 6.15.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1980 High	1980 Low	Since Compilat'n High	Since Compilat'n Low
Govt Secs.	70.53 (20/6)	63.86 (7/3)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	70.90 (24/6)	64.70 (18/5)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	478.8 (15/2)	406.9 (3/1)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	377.9 (28/2)	266.5 (18/5)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	June 25	June 24
—Daily		
Gilt Edged	120.4	132.4
Industrials	128.0	125.0
Speculative	49.5	50.0
Totals	91.1	88.6
5-day Avge.		
Gilt Edged	132.6	136.3
Industrials	126.7	128.9
Speculative	56.5	53.4
Totals	91.9	93.2

NEW HIGHS AND LOWS FOR 1980

The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1980.

NEW HIGHS (57)

BRITISH FUNDS (2)
Treasury Variable '82 · Treasury Variable '83

CORPORATION LOANS (4)
Cardiff 11% 1986 · L.C.C. 5½% 1982-84 · Liverpl. 9¼% '80-84 · Sunderlnd. 12¼% '84

LOANS (1)
FFI 14% 1983

AMERICANS (1)
Esmark

BANKS (4)
Deutsche Bank · Kleinwort Benson · Keyser Ullman · Mercury Securities

BUILDINGS (5)
Aberdeen Construct. · Costain Group · B P.B. Industries · Do. Defd. · Cakebread Robey A

CHEMICALS (1)
Revertex

STORES (1)
Mothercare

ELECTRICALS (2)
Ferranti · GEC

ENGINEERING (7)
Brickouse Dudley · Mining Supplies · Christy Brothers · Prestwich Parker · Francis Inds. · Utd. Engineering · Hawker Siddeley

FOODS (2)
Avana Group · Sainsbury (J.)

INDUSTRIALS (7)
Beecham · Pritchard Services · Fenner (J. H.) · Prov. Laundries 12% Conv. 1986-88 · Kelsey Inds. · Sutcliffe Speakman · Powell Duffryn

LEISURE (1)
Anglia TV A

PROPERTY (4)
Finance & Ind. · Greycoat Ests. · Great Portland · Stock Conversion

TRUSTS (5)
Bankers Inv. · Rothschild Inc. · Berry Trust · Sel. Mkt. Pfg. Pd. Pf. · Dame Inc.

TEAS (1)
Assam Invs.

MINES (9)
Marievale · Haoma Gold · Blyvoor · North Kalgurli · Zandpan · North West Mining · Gold Mines of Kalgoorlie · Oilmin · Swan Resources

FOODS (1)
Chambers & Fargus

HOTELS (1)
Wheeler's

INDUSTRIALS (4)
Long & Hambly · Stonehill · Parker Knoll A · Toye

MOTORS (1)
Jessups

NEWSPAPERS (2)
Gordon & Gotch · Int. Thomson

PAPERS (1)
Waddington (J.)

OVERSEAS TRADERS (1)
African Lakes

NEW LOWS (20)

FOREIGN BONDS (4)
Chinese 4½% 1898 · Do. 5% 1913 · Do. 5% 1912 · Do. 1925 Boxer

BUILDINGS (1)
Roberts Adlard

STORES (1)
Rayback

ENGINEERING (3)
Carclo · Howard Machinery · Duport

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	66	4	21
Corpns. Dom. and Foreign Bonds	5	10	51
Industrials	228	199	971
Financial and Prop.	110	71	316
Oils	28	7	18
Plantations	7	6	13
Mines	86	12	59
Others	62	26	71
Totals	590	335	1,520

Levex slips to £152,000

Taxable profits of Levex, fabric printer, for 1979 fell from £218,865 to £152,275.

Tax charged was £3,254, compared with £23,760. Turnover for the period showed a slight increase at £4.25m (£4.06m).

At the interim stage net profit was £80,000 (£95,000), after deducting £8,000 pre-acquisition profits.

Consideration of a dividend is being deferred until settlement of an insurance claim following the fire at the company's main operating subsidiary, Levex Prints and Fabrics in February.

Last time a payment of 0.67p was made.

Earnings per 5p share are given as 1.94p (2.71p).

LONDON TRADED OPTIONS

Option	Ex'rcise price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP	360	20	4	39	—	60	2	367p
BP	390	7	5	25	—	34	—	"
Com. Union	140	10	10	16	1	23	—	147p
Com. Union	160	2	—	7	2	12	4	"
Cons. Gold	420	95	47	—	—	—	—	511p
Cons. Gold	460	58	11	88	8	98	3	"
Cons. Gold	500	27	88	59	53	70	—	"
Cons. Gold	550	6	23	30	35	—	—	"
Courtaulds	60	14	20	18½	—	19½	—	73p
Courtaulds	70	5½	27	10½	114	12½	3	"
Courtaulds	80	1½	—	4½	24	7	—	"
GEC	330	85	—	93	—	107	4	404p
GEC	360	54	—	66	—	82	7	"
GEC	390	27	17	44	38	59	—	"
GEC	420	7½	134	26	26	40	1	"
Grand Met.	120	36	—	39	—	43	10	154p
Grand Met.	140	16½	3	22	8	28	—	"
Grand Met.	160	5	—	11½	1	17	—	"
ICI	360	28	1	38	—	51	—	382p
ICI	390	7	4	19	1	32	—	"
Land Secs.	323	13	9	29	—	41	—	325p
Land Secs.	353	2	5	13	6	26	—	"
Marks & Sp.	90	5	14	11½	—	13½	3	93p
Shell	390	20	5	36	—	46	—	401p
Shell	420	6	2	18	—	30	—	"
Totals			427		317		37	
		August		**November**		**February**		
Imperial Gp.	90	2½	—	5	116	7	—	85p
Lonrho	90	12	25	14	40	19	5	95p
Lonrho	100	7	22	10	14	13	1	"
P. & O.	110	10½	15	16	—	19	—	116p
P. & O.	120	5½	15	11	—	13½	—	"
Racal Elec.	240	26	4	42	—	53	—	261p
Racal Elec.	260	14	10	28	4	38	—	"
RTZ	390	40	1	60	—	80	—	421p
Totals			92		174		6	

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS Figures in parentheses show number of stocks per section	Wed., June 25, 1980 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Tues., June 24 Index No.	Mon., June 23 Index No.	Fri., June 20 Index No.	Thurs., June 19 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	251.87	+0.4	17.60	6.40	6.97	250.92	251.88	251.70	249.87	239.46
2	Building Materials (28)	245.85	—	18.25	6.72	6.50	245.90	247.57	245.95	246.36	222.45
3	Contracting, Construction (27)	371.65	—	25.17	6.51	4.77	371.57	372.93	368.85	369.23	354.49
4	Electricals (16)	675.27	+1.0	12.25	3.61	10.59	668.56	667.80	668.37	658.28	565.33
5	Engineering Contractors (11)	305.89	+0.7	22.20	8.47	5.65	303.79	305.54	305.32	306.55	360.17
6	Mechanical Engineering (74)	168.54	+0.4	19.06	7.88	6.43	167.93	168.27	168.71	167.15	182.32
8	Metals and Metal Forming (16)	164.14	−0.5	22.13	10.34	5.42	164.98	168.32	168.72	167.72	166.33
	CONSUMER GOODS										
11	(DURABLE) (49)	219.15	+1.3	15.03	5.86	8.14	216.24	219.81	221.45	221.36	228.10
12	Lt. Electronics, Radio, TV (14)	321.48	+1.9	11.42	4.23	11.15	315.62	321.64	326.70	324.67	311.27
13	Household Goods (14)	98.60	+0.2	29.98	10.72	3.97	98.38	99.64	99.96	99.16	159.37
14	Motors and Distributors (21)	101.43	+0.1	22.78	9.78	5.10	101.36	102.34	102.57	102.60	116.58
	CONSUMER GOODS										
21	(NON DURABLES) (172)	229.74	+0.3	18.00	6.96	6.70	229.01	233.45	234.08	231.91	230.82
22	Breweries (14)	287.45	+0.5	15.32	6.32	7.70	285.94	292.85	292.42	289.66	266.12
23	Wines and Spirits (5)	294.82	−2.1	18.48	6.34	6.67	301.13	305.79	307.12	304.47	294.03
24	Entertainment, Catering (17)	332.47	—	17.37	6.72	7.14	332.40	339.75	340.01	336.27	301.69
25	Food Manufacturers (21)	205.52	+0.2	19.54	7.28	6.03	205.07	206.31	205.63	204.86	212.20
26	Food Retailing (13)	327.81	—	12.88	4.83	9.26	327.84	332.83	335.55	329.94	290.25
32	Newspapers, Publishing (13)	433.77	+0.6	22.01	6.74	6.14	431.03	437.12	438.17	439.35	426.96
33	Packaging and Paper (15)	132.38	+0.9	27.08	9.42	4.27	131.13	133.06	133.21	133.65	127.57
34	Stores (42)	224.89	+0.9	13.66	5.48	9.43	222.88	227.60	229.09	226.54	233.45
35	Textiles (24)	128.40	+1.0	25.31	12.09	4.82	127.16	131.09	132.80	131.14	160.68
36	Tobaccos (3)	220.76	−0.4	27.63	10.49	4.10	221.75	229.36	230.17	226.34	236.14
37	Toys and Games (5)	28.08	—	43.31	13.58	2.68	28.08	28.22	27.69	27.19	74.12
41	OTHER GROUPS (99)	216.89	+1.1	17.19	7.08	6.92	214.61	217.06	217.26	216.64	200.39
42	Chemicals (16)	317.09	+1.4	19.77	7.59	5.80	312.64	315.82	316.99	315.44	282.09
43	Pharmaceutical Products (7)	216.93	+1.5	11.77	6.37	10.46	213.68	215.49	216.35	215.56	214.89
44	Office Equipment (6)	109.84	+1.3	19.83	7.55	5.77	108.46	110.05	110.55	109.81	118.89
45	Shipping (10)	541.52	+0.2	13.55	6.52	8.94	540.67	544.07	540.52	541.29	453.25
46	Miscellaneous (60)	260.62	+0.6	17.48	6.95	7.05	258.95	262.67	252.64	261.87	239.05
49	INDUSTRIAL GROUP (492)	238.85	+0.6	17.50	6.77	6.91	237.46	240.61	241.02	239.43	232.51
51	Oils (8)	832.91	+3.4	27.70	6.18	3.99	805.51	810.22	812.41	807.79	691.99
59	500 SHARE INDEX	285.66	+1.2	19.74	6.64	5.95	282.30	285.59	286.14	284.31	269.28
61	FINANCIAL GROUP (118)	218.41	+0.4	—	5.75	—	217.44	219.90	219.39	217.04	185.52
62	Banks (6)	235.97	−0.2	41.45	6.89	2.96	236.35	239.53	242.32	238.59	227.62
63	Discount Houses (10)	264.05	−0.4	—	6.69	—	265.07	266.48	265.79	266.14	253.24
64	Hire Purchase (5)	215.59	+1.1	14.50	4.65	8.96	213.26	216.69	216.26	216.25	159.33
65	Insurance (Life) (10)	205.79	+1.2	—	6.19	—	203.38	206.61	204.32	202.80	152.96
66	Insurance (Composite) (9)	144.69	+0.6	—	7.44	—	143.82	145.56	143.99	142.31	120.48
67	Insurance Brokers (9)	311.10	−0.7	14.93	7.36	9.20	313.21	319.40	318.46	318.79	258.16
68	Merchant Banks (13)	129.29	+1.9	—	5.16	—	126.93	128.61	124.35	122.84	96.20
69	Property (45)	405.83	+0.6	3.37	2.85	42.13	403.37	405.86	406.61	405.27	331.32
70	Miscellaneous (11)	135.70	+0.1	16.19	6.43	7.85	135.55	136.18	135.06	134.07	120.82
71	Investment Trusts (109)	239.60	—	—	5.79	—	239.49	241.03	239.55	239.44	208.79
81	Mining Finance (4)	224.35	+1.9	12.03	4.40	10.02	220.26	222.15	226.01	215.51	119.15
91	Overseas Traders (19)	387.87	+0.2	13.12	6.97	9.36	387.15	388.17	390.07	396.24	351.74
99	ALL-SHARE INDEX (750)	270.50	+1.0	—	6.37	—	267.86	270.81	271.14	269.17	245.65

FIXED INTEREST PRICE INDICES

	British Government	Wed., June 25	Day's change %	xd adj. today	xd adj. 1980 to date
1	Under 5 years	105.94	+0.10	—	4.99
2	5-15 years	113.29	+0.20	—	6.77
3	Over 15 years	114.96	+0.15	—	7.39
4	Irredeemables	133.53	+0.50	0.94	7.24
5	All stocks	110.37	+0.15	0.01	6.50

	FIXED INTEREST YIELDS British Govt. Av. Gross Red.		Wed., June 25	Tues., June 24	Year ago (approx.)
1	Low	5 years	11.78	11.80	10.39
2	Coupons	15 years	11.78	11.80	11.17
3		25 years	11.78	11.80	11.26
4	Medium	5 years	13.12	13.15	12.39
5	Coupons	15 years	12.80	12.80	12.72
6		25 years	12.37	12.39	12.71
7	High	5 years	13.25	13.29	12.63
8	Coupons	15 years	13.61	13.64	12.89
9		25 years	13.46	13.67	13.05
10	Irredeemables		11.11	11.17	11.48

		Wed., June 25 Index No.	Yield %	Tues. June 24	Mon. June 23	Friday June 20	Thurs. June 19	Wed. June 18	Tues. June 17	Mon. June 16	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	53.74	14.04	52.75	52.76	52.71	52.67	52.56	52.45	52.14	56.94
16	Investment Trust Prefs. (15)	49.05	13.87	48.42	48.43	48.42	48.42	48.42	48.38	[illegible]	49.66
17	Coml. and Indl. Prefs. (20)	64.70	13.88	64.59	64.41	63.78	63.78	63.59	63.44	65.10	68.97

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1980 high	1980 low
ICI	£1	9	384	+ 6	402	348
BAT Inds.	25p	7	261	− 2	276	223
GEC	25p	7	402	+ 2	404	326
NatWest Bank	£1	7	371	—	380	305
Beecham	25p	6	140	+ 3	140	108
Burmah Oil	£1	6	231	+ 7	249	162
Chubb	20p	6	93	—	121	93
Ferranti	50p	6	567	+25	567	400
Rolls-Royce	25p	6	60†	—	71	47
Shell Transport	25p	6	406	+ 8	410	314
Cons. Gold Fields	25p	5	512	+15	533	385
Dunlop	50p	5	79	—	82	51
Grand Met.	50p	5	154	+ 1	157	120
Hill Samuel	25p	5	120	+ 2	120	73
Marks & Spencer	25p	5	93	+ 2	97	77

† At suspension

OPTIONS

First Dealing	Last Dealing	Last Declaration	For Settlement
Jun. 9	Jun. 20	Sept. 11	Sept. 22
Jun. 23	Jul. 4	Sept. 25	Oct. 6
Jul. 7	Jul. 18	Oct. 9	Oct. 20

For rate indications see end of Share Information Service

Jul. 21	Aug. 1	Oct. 23	Nov. 3

Increased activity in the option market included calls in Debenhams, De Beers Defd., P.M.A., Silvermines, Avana, B.P.C., Ultramar, R. & J. Pullman, Airfix, Messina, South West Consolidated Minerals, Keyser Ullmann, Carless Capel, Chubb, May and Hassell, Amber Day, David Dixon, Samantha, Berkeley Exploration, Blue Circle, North Kalgurli, Estates and Agency, KCA, Town and City, William Cook and John Brown. Puts were arranged in Grand Metropolitan, Harris Queensway, Airfix, Dunlop and Premier Oil, while doubles were completed in Ultramar and Charterhall.

RECENT ISSUES

EQUITIES

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FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

[illegible]

NOTES

[illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)

Allen Harvey & Ross Unit Tst. Mngrs.

Allied Hambro Ltd. (a) (g)

Anderson Unit Trust Managers Ltd.

Ansbacher Unit Mgmt. Co. Ltd.

Arbuthnot Securities Ltd. (a)(c)

Archway Unit Tst. Mgrs. Ltd. (a)(c)

Barclays Unicorn Ltd. (a)(c)(g)

Baring Brothers & Co. Ltd.

Bishopsgate Progressive Mgmt. Co.

Bridge Fund Managers (a)(c)

Britannia Trust Management (a)(c)(g)

The British Life Office Ltd.

Brown Shipley & Co. Ltd.

Canada Life Unit Tst. Mngrs. Ltd.

Capel (James) Mngt. Ltd.

Carliol Unit Fd. Mgrs. Ltd.

Charities Official Invest. Fund

Chieftain Trust Managers Ltd.

Confederation Funds Mgt. Ltd. (a)

Crescent Unit Tst. Mgrs. Ltd.

Discretionary Unit Fund Managers

E. F. Winchester Fund Mngt. Ltd.

Emson & Dudley Tst. Mngmnt. Ltd.

Equity & Law Un. Tr. M.

Fidelity International Management Ltd.

James Finlay Unit Trust Mngt. Ltd.

Framlington Unit Mgt. Ltd. (a)

Friends' Provdt. Unit Tr. Mgrs.

Funds in Court

G.T. Unit Managers Ltd.

G. & A. Trust (a) (g)

Gartmore Fund Managers

Gibbs (Antony) Unit Tst. Mgs. Ltd. (a)

Govett (John)

Grieveson Management Co. Ltd.

Guardian Royal Ex. Unit Mgrs. Ltd.

Henderson Administration (a)(b)(c)

Hill Samuel Unit Tst. Mgrs.

Investment Intelligence Ltd.

Key Fund Managers Ltd. (a)(g)

Kleinwort Benson Unit Managers

L & C Unit Trust Management Ltd.

Legal & General Tyndall Fund

Leonine Administration Ltd.

Lloyds Bk. Unit Tst. Mngrs. Ltd.

Lloyd's Life Unit Tst. Mngrs. Ltd.

Local Authorities' Mutual Invest. Tst.

M & G Group

ManuLife Management Ltd.

Mayflower Management Co. Ltd.

Mercury Fund Managers Ltd.

Midland Bank Group Unit Trust Managers Ltd.

Minster Fund Managers Ltd.

MLA Unit Trust Mngmnt. Ltd.

Murray Johnstone U.T. Mgmt.

Mutual Unit Trust Managers

National Provident Inv. Mngrs. Ltd.

National Westminster (a)

NEL Trust Managers Ltd.

Northgate Unit Trust Managers Ltd.

Norwich Union Insurance Group (b)

Pearl Trust Managers Ltd. (a)(g)(z)

Pelican Units Admin. Ltd.

Perpetual Unit Trust Mngmt.

Practical Invest Co. Ltd.

Provincial Life Inv. Co. Ltd.

Prudl. Portfolio Mngrs. Ltd.

Quilter Management Co. Ltd.

Reliance Unit Mgrs. Ltd.

Ridgefield Management Ltd.

Rothschild Asset Management (g)

Rowan Unit Trust Mngt. Ltd.

Royal Tst. Can. Fd. Mgrs. Ltd.

Saturn Fund Management Limited

Save & Prosper Group

Schlesinger Trust Mngrs. Ltd. (a)(z)

J. Henry Schroder Wagg & Co. Ltd.

Scottish Equitable Fnd. Mgrs. Ltd.

Security Selection Ltd.

Stewart Unit Tst. Managers Ltd. (a)

Sun Alliance Fund Mngt. Ltd.

Target Tst. Mngrs. Ltd.

Tower Unit Trust Mngt. Ltd.

Trades Union Unit Tst. Managers

Transatlantic and Gen. Secs. Co.

TSB Unit Trusts (y)

Tyndall Managers Ltd. (a)(b)(c)

Ulster Bank (a)

Unit Trust Account & Mgmt. Ltd.

INSURANCE PROPERTY BONDS

Abbey Life Assurance Co. Ltd.

Albany Life Assurance Co. Ltd.

AMEV Life Assurance Ltd.

Barclays Life Assur. Co. Ltd.

Beehive Life Assur. Co. Ltd.

Canada Life Assurance Co.

Cannon Assurance Ltd.

Capital Life Assurance

Charterhouse Magna Gp.

Chieftain Assurance Funds

City of Westminster Assurance

Commercial Union Group

Confederation Life Insurance Co.

Cornhill Insurance Co. Ltd.

Credit & Commerce Insurance

Crown Life

Crusader Insurance Co. Ltd.

Eagle Star Insur./Midland Assur.

Equity & Law Life Ass. Soc. Ltd.

Equity & Law (Managed Funds) Ltd.

Family Assurance Society

Gartmore Bonds

Assicurazioni GENERALI S.p.A.

General Portfolio Life Ins. C. Ltd.

Gresham Life Ass. Soc. Ltd.

Growth & Sec. Life Ass. Soc. Ltd.

Guardian Royal Exchange

Hambro Life Assurance Limited

Hearts of Oak Benefit Society

Hill Samuel Life Assur. Ltd.

Imperial Life Ass. Co. of Canada

Irish Life Assurance Co. Ltd.

King & Shaxson Ltd.

Langham Life Assurance Co. Ltd.

Legal & General (Unit Assur.) Ltd.

Legal & General Prop. Fd. Mgrs. Ltd.

Life Assur. Co. of Pennsylvania

Lloyds Life Assurance

London A'deen & Nthn. Mtl. Assur. Ltd.

London Indemnity & Gnl. Ins. Co. Ltd.

London Life Linked Assur. Ltd.

The London & Manchester Ass. Gp.

M & G Group

Manufacturers Life Insurance Co.

Merchant Investors Assurance

NEL Pensions Ltd.

NPI Pensions Management Ltd.

New Zealand Ins. Co. (UK) Ltd.

Norwich Union Insurance Group

Phoenix Assurance Co. Ltd.

Pioneer Savings Group

Prop. Equity & Life Ass. Co.

Property Growth Assur. Co. Ltd.

Providence Capitol Life Ass. Co. Ltd.

Provincial Life Assurance Co. Ltd.

Prudential Pensions Limited

Reliance Mutual

Rothschild Asset Management

Royal Insurance Group

Save & Prosper Group

Schroder Life Group

Scottish Widows' Group

Solar Life Assurance Limited

Standard Life Assurance Co.

Sun Alliance Fund Mangmt. Ltd.

Sun Alliance Linked Life Ins. Ltd.

Sun Life of Canada (UK) Ltd.

Target Life Assurance Co. Ltd.

Transinternational Life Ins. Co. Ltd.

Trident Life Assurance Co. Ltd.

Tyndall Assurance/Pensions

Vanbrugh Life Assurance

Vanbrugh Pensions Limited

Welfare Insurance Co. Ltd.

Windsor Life Assur. Co. Ltd.

OFFSHORE & OVERSEAS FUNDS

Albany Fund Management Limited

Alexander Fund

Allen Harvey & Ross Inv. Mgt. (C.I.)

Alliance International Dollar Reserves

Arbuthnot Securities (C.I.) Limited

Bank of America International S.A.

Banque Bruxelles Lambert

Barbican Managers (Jersey) Ltd.

Barclays Unicorn International

Bishopsgate Commodity Ser. Ltd.

Bishopsgate Progressive—Life Assets

Bridge Management Ltd.

Britannia Tst. Mngmt. (C.I.) Ltd.

Brown Shipley Tst. Co. (Jersey) Ltd.

Butterfield Management Co. Ltd.

Capital International S.A.

Charterhouse Japhet

Clive Investments (Jersey) Ltd.

Cornhill Ins. (Guernsey) Ltd.

Craigmount Fixed Int. Mngrs. (Jersey)

DWS Deutsche Ges. F. Wertpapiersp

Delta Group

Deutscher Investment-Trust

Dreyfus Intercontinental Inv. Fd.

Emson & Dudley Tst. Mgt. Jrsy. Ltd.

The English Association

Eurobond Holdings N.V.

F & C Mgmt. Ltd. Inv. Advisers

Fidelity Mgmt. & Res. (Bda.) Ltd.

Fidelity Mgmt. Research (Jersey) Ltd.

First Viking Commodity Trusts

Fleming Japan Fund S.A.

Frankfurt Trust Investment-GmbH

Free World Fund Ltd.

G.T. Management Ltd.

Gartmore Invest. Ltd. Ldn. Agts.

Hambro Pacific Fund Mgmt. Ltd.

Hambros Fd. Mgrs. (C.I.) Ltd.

Henderson Admin. (Guernsey) Ltd.

Henderson Baring Group

Hill-Samuel & Co. (Guernsey) Ltd.

N.V. Interbeheer

International Pacific Inv. Mgmt. Ltd.

Jardine Fleming & Co. Ltd.

Leopold Joseph & Sons (Guernsey)

Keyser Ullman Ltd.

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1980 High	1980 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
100	97	Exchequer 13pc 1980	99	......	13.07	14.14
99	96	Treasury 11½pc 1981	98	......	11.65	13.92
94	90	Treasury 3pc 1979-81	94	......	3.72	13.48
97	93	Treasury 9½pc 1981	97¼	–	10.03	13.53
96¼	91	Exch. 8½pc 1981	95	–	8.63	13.22

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

1980 High	1980 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
96¼	88	Sth. Africa 9½pc '79-81	95½	......	10.20	14.36
160	107	Sth. Rhod. 2½pc '65-70	150	......	—	—
169	153	Do. 6pc '78-81	165	......	—	—

LOANS

Public Board and Ind.

1980 High	1980 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
61¼	56½	Agric. Mt. 5pc '59-89	61xd	......	8.19	12.24
80	73½	Alcan 10½pc '89-94	78xd	......	15.46	14.20
28½	25	Met. Wtr. 3pc 'B'	28½	......	10.39	12.95
103	89	U.S.M.C. 9pc 1982	100xd	......	9.00	—
92	85½	Do. without Warrants	90xd	......	10.00	12.95

LOANS—Continued

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

1980 High	1980 Low	Stock	Price	+ or –	Div. Net	Cvr	Y'ld Gr's	P/E
2[illegible]	202	ANZ $A1	225xd	......	†Q22c	3.7	5.0	5.4
250	153	Alexanders D. £1	248	–2	16.0	—	9.2	—
£75½	£56	Algemene Fl 100	£64½	......	Q25%	1.9	7.8	6.9
365	290	Allen Harvey £1	360	–5	21.5	—	8.5	—
128	96	Allied Irish	110	......	Q8.93	—	7.9	—
17	13	Ansbacher (H.)5p	15	–¼	0.15	—	1.4	—
235	189	Arbuthnot L. £1	220	+5	11.0	—	7.4	—
340	282	Bk. Ireland £1	300	+5	Q23.51	—	7.6	—
£162	£134	Do. 10pc Conv.	£142	+4	Q10%	—	7.2	—
13	5	Bk. Leumi $0.1	6	......	Q11%	—	22.1	—
120	100	Bk. Leumi (UK)£1	120	......	8.57	—	10.7	—
178	135	Bk. N.S.W. $A1	142xd	......	Q12c	3.6	6.5	5.1

BANKS & HP—Continued

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

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Far West Rand

[illegible]

O.F.S.

[illegible]

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[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—Continued

Australian

1980 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Yld Gr's
25	21	Acmex 50c	23	......	—	—	—
24	12	ACM 20c	17	......	—	—	—
160	52½	Bond Corp.	95	......	h02.8c	2.2	1.5
156	88	Bougainville I Kina	116	......	h026.2c	1.8	12.6
265	195	BH South 50c	200	......	♦	—	—
25	11½	Canada Northwest	22½	+½	—	—	—
42	8	Carr Boyd 20c	33	+1	—	—	—
£33½	£15¼	Central Pacific	£32¾	+⅜	—	—	—
356	230	Conzinc Riotinto 50c	274	+2	Q15c	2.1	2.8
39	17	Cultus Pacific N.L.	36	−1	—	—	—
50	20	Eagle Corp. 10c	44	......	—	—	—
27	15¼	Endeavour 20c	27	+¼	—	—	—
388	175	G. M. Kalgoorlie 25c	388	+20	†03c	—	0.4
46	15	Great Eastern	21	−1	—	—	—
395	260	Hampton Areas 5p	355	+5	3.5	2.8	1.4
116	30	Haoma Gold N.L.	116	+28	—	—	—
720	80	Leichhardt Expln.	230	......	—	—	—
72	41	Metals Ex. 50c	56	......	—	—	—
312	167	M.I.M. Hldgs. 50c	225	−3	†Q16.1c	1.8	3.7
20	7	Minefields Expl. 25c	18	+3	—	—	—
155	60	Mount Lyell 25c	82	−2	—	—	—
28	15	Newmetal 20c	17	−2	—	—	—
35	12	Nickelore N.L.	22	......	—	—	—
207	137	North B. Hill 50c	172	−3	†Q12c	1.4	3.6
89	44½	Nth. Kalgurli	89	+9	—	—	—
165	99	Nth. Mining Corp.	130	−5	—	—	—
92	24	N. West Mining N.L.	92	+19	—	—	—
235	144	Oakbridge $A1	218	......	Q12c	4.7	2.8
128	70	Oilmin N. L.	128	+8	—	—	—
230	128	Pacific Copper	206	+1	—	—	—
465	255	Pancont'l 25c	390	......	—	—	—
78	42	Paringa M&Ex.5p	60	......	—	—	—
495	335	Peko-Wallsend 50c	395	+5	†Q17.5c	♦	2.3
230	140	Seltrust A	184	+4	—	—	—
£12	575	Southern Pacific	£12	+¼	—	—	—
90	31	Swan Resources 20c	90	+8	—	—	—
13	8	West Coast 25c	8	......	—	—	—
266	177	Westn. Mining 50c	257	−5	†07c	1.6	1.5
30	10	Westmex	17	+1	—	—	—
108	56	Whim Creek 20c	100	......	—	—	—
30	10½	York Resources	30	+2	—	—	—

Tins

1980 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Yld Gr's
25	14	Amai Nigeria 1p	15	......	16.0	—	—
345	255	Ayer Hitam $M1	320	......	‡Q290c	0.9	‡
67	42	Beralt Tin	54	+1	4.5	3.2	13.1
225	149½	Berjuntai $M1	220	−5	‡Q95c	1.8	‡
230	153	Geevor	173xd	+3	8.4	♦	6.9
11	10	Gold & Base 12½p	10½	......	—	—	—
430	310	Gopeng Cons.	430	......	†25.0	1.8	8.3
330	260	Hongkong	320	......	35.87	♦	16.0
105	90	Idris 10p	94	......	14.0	1.2	21.3
15	12½	Jantar 12½p	13	......	1.5	♦	16.5
87	64	Kamunting $M0.50	85	......	Q47½c	1.1	12.5
250	150	Killinghall $M1	250	......	h050c	♦	4.1
880	485	Malay Dredging $M1	755	......	♦mQ165c	2.6	2.8
33	26	Pahang	32	+1	0.44	0.3	2.0
108	90	Pengkalen 10p	92	......	6.0	1.3	9.3
300	230	Petaling $M1	300	......	†Q150c	1.4	10.5
70	57	Saint Piran	65#	......	‡2.5	6.4	‡
44	28	South Crofty 10p	28	......	‡3.0	2.8	‡
350	130	South Kinta $M0.50	310	......	♦Q150c	1.8	10.3
525	340	Sthn Malayan $M1	510	......	♦Q175c	2.1	7.1
305	215	Sungei Besi $M1	285	−5	†Q520c	1.0	37.2
39	22½	Supreme Corp. $M1	38	......	h08c	—	4.3
100	90	Tanjong 15p	92	......	Z4.5	♦	7.0
95	80	Tongkah H. Tin	80	......	Q45c	1.3	12.6
330	220	Tronoh $M1	320	−10	Q250c	0.7	15.9

Copper

1980 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Yld Gr's
235	130	Messina R0.50	170	......	mQ10c	♦	3.4

Miscellaneous

1980 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Yld Gr's
180	78½	Anglo-Dominion	145	......	—	—	—
97	56	Barymin	57	......	—	—	—
17	12	Burma Mines 10p	15	......	0.62	1.1	6.0
502	320	Cons. Murch. 10c	320	......	hQ100c	1.8	18.6
180	125	††Hemerdon 10c	125	......	—	—	—
535	325	Northgate C$1	390	+15	—	—	—
485	327	R.T.Z.	420	......	15.0	3.2	5.1
33	16	Robert Mines	23	......	—	—	—
58	26	Sabina Inds. C$1	29	......	—	—	—
51	44	††SWCM 10p	46	......	—	—	—
650	411	Tara Exptn. $1	450	−5	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- †† Unlisted security.
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♀ Excluding a final dividend declaration.
- ÷ Regional price.
- ǁ No par value.
- §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or −
Albany Inv. 20p	30	......
Bertam	26	......
Bdg'wtr. Est. 50p	425	......
Clover Croft	60	......
Craig & Rose £1	£10½	......
Fife Forge	32½	......
Finlay Pkg. 5p	18	......
Graig Ship. £1	£15	......
Higsons Brew	75	......
Holt (Jos) 25p	250	......
I.O.M. Stm. £1	190	+3
Pearce (C. H.)	455	......
Peel Mills	40	......
Sheff. Refrshmt	103	......
Sindall (Wm.)	143	......

IRISH

Stock	Price	+ or −
Conv. 9% '80/82	£90⅝	+½
Nat. 9¾% 84/89	£80⅝	+⅛
Fin. 13% 97/02	£98⅝	+⅛
Alliance Gas	48	+5
Arnott	345	......
Carroll (P.J.)	57xd	−3
Clondalkin	120	......
Concrete Prods.	75	......
Heiton (Hldgs.)	33	......
Ins. Corp.	246	+1
Irish Ropes	45	......
Jacob	32	......
T.M.G.	62	−3
Unidare	90	......

OPTIONS

3-month Call Rates

Industrials

Stock	Rate	Stock	Rate
A. Brew	7	I.C.I.	27
BOC Intl.	6	"Imps"	6½
B.S.R.	4½	I.C.L.	14
Babcock	8	Inveresk	4
Barclays Bank	34	Ladbroke	15
Beecham	10	Legal & Gen.	15
Blue Circle	25	Lex Service	8
Boots	16	Lloyds Bank	24
Bowaters	15	"Lots"	3½
B.A.T.	20	London Brick	6
Brown (J.)	6	Lucas Inds.	17
Burton 'A'	10	"Mams"	14
Cadburys	5½	Mrks. & Spncr	8
Courtaulds	8	Midland Bank	26
Debenhams	8	N.E.I.	5
Distillers	17	Nat. West. Bank	27
Dunlop	7½	P & O Dfd.	10
Eagle Star	15	Plessey	14
F.N.F.C.	2¼	Racal Elect.	22
Gen. Accident	21	R.H.M.	4½
Gen. Electric	30	Rank Org.	15
Glaxo	18	Reed Intnl.	16
Grand Met.	12	Sears	5
G.U.S. 'A'	34	Tesco	6
Guardian	23	Thorn	23
G.K.N.	20	Trust Houses	12
Hawker Siddeley	15	Tube Invest.	23
House of Fraser	15	Unilever	40
		U.D.T.	5½
Utd. Drapery	6½		
Vickers	12		
Woolworths	5½		

Property

Stock	Rate
Brit. Land	7
Cap. Counties	9
Land Secs.	24
MEPC	17
Peachey	13
Samuel Props.	12
Town & City	2

Oils

Stock	Rate
Brit. Petroleum	92
Burmah Oil	20
Charterhall	10
KCA	11
Premier	13
Shell	35
Tricentrol	40
Ultramar	35

Mines

Stock	Rate
Charter Cons.	14
Cons. Gold	48
Lonrho	8
Rio T. Zinc	35

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 36

FINANCIAL TIMES

Thursday June 26 1980

JOINT PRODUCTION OF 1m CAR ENGINES A YEAR

Fiat and Peugeot negotiate

BY PAUL BETTS IN ROME

FIAT, THE Italian private car corporation, is negotiating a major venture with the French Peugeot-Citroen group to produce jointly some 1m medium-sized engines a year. Although Fiat declined to comment in Turin yesterday, negotiations between the two groups are understood to be at an advanced stage.

Sig. Umberto Agnelli, chief executive of Fiat, hinted last week that his company was involved in a series of important negotiations with major European car manufacturers. He said Fiat would probably announce "in the next few weeks agreements on a grand scale with other European car producers which could change the face of the European car industry."

Fiat and Peugeot are already collaborating in a joint venture in southern Italy to produce light commercial vehicles. Earlier this year, the Italian and French companies decided to rationalise their respective operations in Argentina in a new company jointly controlled by the two groups.

However, the current negotiations are expected to lead to a much more significant joint venture in the components sector. In a sense, it could also re-establish the strong links between the Italian and French motor industries broken in 1970 when the French Government blocked Fiat's proposal to buy a major shareholding in Citroen.

The joint venture between Fiat and Peugeot is likely to involve construction of some 1m 1100 cc and 1500 cc engines. The parts would be produced in France and Italy on a 50-50 basis, while assembly of the new engines would be concentrated in a new plant to be built either in Italy or France.

The deal comes at a time when Fiat is devising a new strategy for its car sector which Sig. Agnelli described last week as "rationalising and reducing the company's range of cars, producing bigger volumes, and entering into joint ventures with other European manufacturers in the components sector to achieve necessary economies of scale."

The venture with Peugeot also appears to be part of Fiat's reply to the challenge of Japanese and U.S. car manufacturers which have been increasingly eroding Fiat's share of its traditional West European car market.

Moreover, it coincides with a hardening approach by Fiat towards labour relations and internal company efficiency in an effort to improve productivity at its Italian plants. Sig. Agnelli has indicated during the past few days that Fiat would probably have to make further temporary lay-offs later this year.

Already 78,000 Fiat car workers are on short time due to the high level of car stocks following a slump in export sales. The company has reported combined losses of L105bn ($125m) for 1979.

Peugeot is Europe's major vehicle producer with an output in 1979 of 2.34m, while Fiat is fourth with 1.72m.

U.S. Ford borrows $1bn from subsidiaries

By Our Industrial Staff

FORD MOTOR of the U.S. has borrowed more than $1bn from its UK and West German subsidiaries.

Mr. John Sagan, vice-president and treasurer, said in Detroit yesterday the borrowings were "normal business practice" because the subsidiaries had the cash and the parent company needed it.

The move underlines the importance to Ford of its European operations in a year when it could lose up to $2.5bn on its North American motor business.

The money—about $500m each from the UK and West Germany — was taken last December to be repaid in a year at "competitive interest rates," Ford said.

The company declined to say what the rate was, but noted its borrowings did not necessitate "paying interest to outsiders." Ford pointed out that in the past money had been provided from the parent to overseas subsidiaries.

Ford UK, which made taxable profits of £386m last year and paid a record £135m dividend to its U.S. parent, faces a tougher market this year with the recent sharp fall in new car registrations.

Ford-Werke, in West Germany, this week announced a drop in net profit for 1979 of DM 66m (£15.9m) to DM 483m (£117m). The company has forecast profits will be down again this year but expects to stay in the black.

Ford-Werke has complained in particular of acute competition from Japanese imports, and the impact of oil supply problems which led to a switch in demand away from large saloons like the Granada.

Ford UK talks with unions Page 9

U.S. olive branch on Afghanistan

BY ROBERT GRAHAM IN MADRID AND DAVID TONGE IN LONDON

THE U.S. yesterday offered the Soviet Union an olive branch over the Afghanistan crisis when a senior official in the Carter administration admitted that the Soviets have a "legitimate security interest" in that country.

The concession was made by a senior official travelling with President Carter on his European trip. It is significant, because of its timing and because it is explicit about what has so far only been said privately by the administration.

The official, who refused to be named by American journalists but who is believed to be Mr. Zbigniew Brzezinski, Mr. Carter's National Security Adviser, said on his way to Madrid from Belgrade that the U.S. would acknowledge Soviet interests provided Russian troops withdraw from Afghanistan.

The statement follows Tuesday's offer by President Carter in Belgrade to consider a "transitional agreement" to be implemented along with Russian troop withdrawals from Afghanistan.

U.S. officials yesterday stressed there was nothing new in America's basic position, but the tone of President Carter's remarks and of those yesterday contrasts sharply with the abrupt dismissal by Western leaders at last weekend's Venice summit of an announcement by Moscow of a partial withdrawal of troops from Kabul.

Yesterday's statement was met with a barrage of criticism from Moscow. A senior Tass commentator rejected the proposals as "deliberately vague in nature and unclear in concept."

Mr. Yuri Kornilov, who had been in Afghanistan to direct Tass's coverage in the first two weeks after the Soviet invasion, said that the proposals were "to create the impression" that Washington was seeking a settlement." They were "another attempt by Washington to interfere for its selfish purposes in the internal affairs of a sovereign and independent country."

The U.S. offer for a transitional arrangement was first made in February and was discussed last month in Vienna between Senator Edmund Muskie, the U.S. Foreign Secretary, and his Soviet counterpart, Mr. Andrei Gromyko, according to the U.S. official.

Officials in Washington said yesterday that Yugoslavia was chosen as the platform for repeating the offer of a transitional arrangement because Yugoslavia was being "squeezed to death" by the strains on detente following the Afghanistan crisis.

In Belgrade President Carter said that the U.S. would be prepared to join in "assurances and arrangements to establish a truly independent, non-aligned Afghanistan."

Yesterday, the Carter aide added that the proposal for the transitional arrangement was made to prevent "a mass slaughter" of pro-Soviet elements if the 100,000-odd Soviet troops are withdrawn.

The U.S. proposes that a special peace-keeping force be sent to Afghanistan to cope with the effects of a withdrawal. This would be under UN auspices and preferably composed of troops from neighbouring Moslem countries.

It was against this background, the official said, that the U.S. was willing to consider the Soviet Union's interests in Afghanistan "not being transformed into an anti-Soviet outpost of some sort."

The U.S. is apparently anxious to press the Russians for a clearer indication of their thinking. The first opportunity for this may come when Chancellor Helmut Schmidt of West Germany visits Moscow at the weekend in the first trip to Moscow since the invasion by a senior western leader.

Key shipyards may be put on short time

BY PHILIP BASSETT, LABOUR STAFF

BRITISH SHIPBUILDERS may put some of its employees in a number of key shipyards on short time.

Its proposals result from a lack of public sector orders, and the aftermath of the national steel strike earlier this year, which left yards and suppliers of equipment short of materials.

Mr. John Chalmers, chairman of the shipbuilding negotiating committee of the Confederation of Shipbuilding and Engineering Unions, said yesterday that, from what he had been told by British Shipbuilders about 10 days ago, he envisaged thousands of the Corporation's workers faced a 3-day week.

But it seems more likely that employees at the seven or eight key yards most likely to be affected will still work four days a week. This will attract Government aid under its short-time working scheme, giving those affected 95 per cent of their earnings.

The proposals are intended to allow local managers to introduce short-time working where necessary to cope with gaps in building programmes which could otherwise cost the Corporation about £40m this year.

Mr. Chalmers would name only Cammell Laird at Birkenhead and Austin and Pickersgill at Sunderland as yards most likely to be affected.

It is understood that Austin and Pickersgill is ranked more as a possible contender. Other yards where short-time working may have to be introduced are Govan, Clydeside Smith's Dock on Teesside and the eLith Division of Robb Caledon. Mr. Chalmers also suggested the Swan Hunter yard, but other sources denied this yard was being considered.

The unions are seeking an urgent meeting with the Corporation to discuss the proposals. It is likely to take place in the next week or so. British Shipbuilders has already made it clear to the unions that nothing will be done without full consultation with the Confederation.

Mr. Chalmers said at the Confederation's Annual Conference in Llandudno that although the industry was only two ships short of achieving its target of 45 ship orders by spring next year, employment prospects in the yards had been blown off course.

British Shipbuilders, following Mr. Chalmers' disclosure of its plans, stressed the temporary nature of the position, and said there was no cause for alarm. Orders which had been taken in the past few months were coming through. It said it would be quite wrong to talk in terms of thousands of workers being affected.

● Lynton McLain writes: The possibility of temporary short-time working has ben discussed by British Shipbuilders and the trade unions for several weeks.

The object was to "save money" by getting a quick agreement with unions and management to put staff on temporary short-time.

But the Corporation has made no progress in its talks with the unions. Shop stewards at Cammell Laird's yard at Birkenhead, where the only work is on two Type 42 destroyers for the Royal Navy and some sub-contract work, did not accept proposals for short-time working for the workforce of 3,500.

At Austin and Pickersgill, the most successful of the nationalised companies, the 2,750 workers have been on full-time working—without overtime—since the steel strike ended.

But Mr. Derek Kimber, the company's managing director, said the company's ability to maintain full-time working depended on its sub-contractors delivering equipment on time.

Right-wing unions plan link-up

BY JOHN LLOYD, LABOUR CORRESPONDENT

THREE LARGE unions are discussing the formation of a new confederation on the Right wing of the movement to challenge the 2m-strong Transport and General Workers' Union.

They are the General and Municipal Workers' Union, with 960,000 members, the Electrical and Plumbing Trades Union (420,000) and the Association of Professional, Executive and Computer Staff (150,000).

The three have a combined membership of 1.5m.

The Union of Shop, Distributive and Allied Workers, with about 470,000 members may become involved in talks later, while other smaller unions may be attracted if there is an agreement.

The three unions made informal approaches to each other after the TUC conference last September. They held their first formal meeting at senior officer level earlier this year. A sub-committee has been formed to identify and list the problems involved.

Discussion has centred on the idea of a confederation of the three—rather than an outright merger—in which each constituent union would retain a measure of independence and authority.

However, it is seen as desirable that the unions should pool their legal departments, research and other support facilities and that the central secretariat of the confederation should be powerful.

The confederation's industrial rationale would be first, its diverse membership. It would span the public sector, skilled workers in both public and private sectors, office workers and the leisure industry.

A second advantage could be its ability to organise white-collar workers in those sectors where the General and Municipal and the electricians' unions have strong manual workers' representations.

The two smaller members of the proposed grouping believe greater size is needed for negotiating power, and for economies of scale. Like other unions, they face problems of future loss of members and pressure from technology developments.

The political rationale, seen by some as equally important, is that the leaderships of the three unions are generally on the right of the Labour movement, and broadly support the present policies of the Labour Party's Parliamentary leadership.

It was said yesterday that the proposed confederation could balance the Left-inclined Transport Union. Others felt this would be an outcome rather than an aim of any confederation. Both the electricians' union and APEX have examined other merger possibilities. It was stressed yesterday that none of these have yet been excluded.

The electricians' union has been keen to merge with the Amalgamated Union of Engineering Workers, while both the Association of Scientific, Technical and Managerial Staffs and the Engineering Staff Union, AUEW - TASS, have shown considerable interest in APEX.

RCA and Lord Grade form video company

BY GUY DE JONQUIERES

LORD GRADE'S Associated Communications is to merge its loss-making subsidiary Precision Records and Tapes with RCA Records UK to form a new home entertainment company.

The company, to be known as RCA Records/PRT, will manufacture, distribute and promote audio and video records and tapes in Britain. It will handle all aspects of the business from developing new talent to running its own music publishing department.

It will be owned 51 per cent by RCA Ltd, the British subsidiary of the American RCA Corporation, and 49 per cent by Associated Communications. Mr. Louis Benjamin, chairman of PRT (formerly Pye Records), has been named chairman.

Lord Grade forecast a particularly bright future for prerecorded videocassettes and videodiscs.

RCA Records/PRT plans to make cassettes for two different video tape recorders, the Sony Betamax and the Victor Company of Japan's VHS system. It will also make videodiscs for RCA's planned Selectavision player.

No firm date has been set for the European launch of the Selectavision, which plays back on a television moving pictures and sound recorded on a disc. Lord Grade said he expected it to go on sale here in 1982.

Associated Communications will make available to the venture its catalogue of feature films, including "Jesus of Nazareth," while RCA will offer on videodisc programmes for which it has UK disc rights.

Lord Grade said no decisions had been taken yet on whether the merger would lead to a rationalisation of RCA's and PRT's record-pressing operations.

RCA has a modern pressing factory in Washington New Town, County Durham. PRT, which lost £43,000 last year, has a pressing plant in Mitcham, near Croydon.

NCB starts new project

BY RAY DAFTER, ENERGY EDITOR

THE NATIONAL Coal Board yesterday began a £50m rebuilding project at a Yorkshire colliery—part of a UK mining programme of more than £700m a year.

The Prince of Wales performed the inauguration ceremony at the Prince of Wales Colliery, near Pontefract.

As the accessible coal reserves in the old mine are virtually exhausted two 2,000-metre long sloping tunnels have been driven from the surface. This has opened up 40m tonnes of new coal reserves.

Sir Derek Ezra, the Coal Board's chairman, said the UK coal industry was becoming increasingly prepared to safeguard energy supplies.

The industry's Plan for Coal, agreed by the Board, trade unions and the Government in 1974, was on target to reach 135m tonnes a year capacity by the end of the decade.

Continued from Page 1

Rolls and Vickers

tive of Rolls-Royce Motors.

Mr. Plastow will fill a gap created by the recent departure for "personal reasons" of Dr. Bernard Willets, who resigned only shortly after his appointment to the post at Vickers at the beginning of the year.

Sir Peter Matthews, who reverted briefly to executive chairman on Dr. Willets' departure, will again become a non-executive chairman. Mr. Ian Fraser will become an additional vice-chairman of Rolls-Royce Vickers.

Weather

UK TODAY

SUNNY intervals with showers, heavy in the East and North, and continuing cool generally. S.E., Cent. S. England and

Outlook: Dry at first, but rain spreading from the south-west. Temperatures near normal.

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	R	19	66	Lisbon	F	22	72
Algiers	S	30	86	Locarno	R	17	63
Amsdm.	F	16	61	London	F	17	63
Athens	S	31	88	Luxmbg.	F	13	55
Bahrain	S	34	93	Luxor	S	38	100
Barclna.	F	21	70	Madrid	F	25	77
Beirut	S	27	81	Majorca	S	29	84
Belfast	F	14	57	Malaga	S	33	91
Belgrd.	F	24	75	Malta	S	27	81
Berlin	C	14	57	M'chstr.	R	11	52
Biarritz	C	20	68	Melbne.	R	17	63
Bmghm	C	16	61	Milan	F	21	70
Blackpl.	C	15	59	Mntreal.	S	27	81
Bordx	R	14	57	Moscow	F	25	77
Boulgn.	F	15	59	Munich	C	14	57
Bristol	C	16	61	Nairobi	C	21	70
Brussels	C	13	55	Naples	S	25	77
Budpst	F	22	72	Nwcstl	R	12	54
B Aires	S	17	63	N. York	S	30	86
Cairo	S	35	95	Nice	S	21	70
Cardiff	C	15	59	Nicosia	S	28	82
Cas'b'ca	F	21	70	Oporto	C	18	64
Cape T.	C	15	59	Oslo	F	16	61
Chicago	S	26	79	Paris	C	17	63
Cologne	R	13	55	Perth	S	16	61
Cpnhgn.	R	15	59	Prague	C	15	59
Corfu	S	29	84	Reykjvk.	C	12	54
Dublin	C	17	63	Rhodes	S	31	88
Dbrvnk.	F	23	73	Rio J'o	C	22	72
Ednbgh.	R	15	59	Rome	F	25	77
Faro	S	25	79	Salzbrg.	C	15	59
Florence	C	22	72	Singapr.	S	29	84
Frankfr.	F	16	61	Stckhm.	F	20	68
Funchal	C	20	68	Strasbg.	C	16	61
Geneva	R	15	59	Sydney	S	19	66
Gibrltr.	S	28	82	Tangier	S	23	73
Glasgow	F	16	61	Tehran	S	25	77
G'nsey	C	14	57	Tel Aviv	S	26	79
Helsinki	R	14	57	Tenerife	F	18	64
H. Kong	S	33	90	Tokyo	C	29	84
Innsbrk.	R	12	54	Toronto	S	29	84
Invrnss	F	14	57	Tunis	S	30	86
I.o Man	F	15	59	Valencia	S	28	82
Istanbul	S	26	79	Venice	S	22	72
Jersey	C	16	61	Vienna	F	20	68
Jo'burg	S	14	57	Warsaw	F	18	64
L. Plms.	C	22	72	Zurich	R	11	52

C—Cloudy. F—Fair. R—Rain. S—Sunny.

THE LEX COLUMN

Vickers' surprising marriage

A lot of people are going to require a great deal of persuading before Vickers is allowed to succeed in its bid for Rolls-Royce Motors. Vickers for years has been saying that it wanted to replace its nationalised assets by acquiring engineering businesses. But until it knew what its compensation from the Government was going to be, it could not pay cash and no one would accept its shares. It still does not know how much money it is getting—but it has found someone to take its paper.

Presumably Rolls has a good idea of the likely level of compensation, and one can see why it might want to get together with a broadly based company which should soon have a rather strong balance sheet. The problems on its diesel engine side have given Rolls the uneasy look of a one-product company in the last year or so—and not a very profitable one at that, whether in terms of return on capital or on sales. It is a cash hungry business—short-term borrowings have risen by £19m in the last two years—and three-quarters of the way through a heavy capital spending programme its debt has climbed to about 70 per cent of shareholders' funds.

In addition, Rolls seems likely to come out on top in management terms. But whether Rolls' shareholders will be too pleased about having their shares valued at around 65p is another matter. This is well below the offer for sale price in 1973: it compares with net assets of over 100p and a suspension price of 60p. An interesting speculation is whether this move might provoke a predator to offer something better.

For its part, Vickers is proposing to increase its capital by about two-thirds at a time when its shares yield over 10 per cent and stand at under two-fifths of net asset value. Vickers will get 60 per cent of the enlarged equity in return for 72 per cent of the assets, and although the profits split looks more favourable its return on capital last year was unacceptably low. Its past attempts at diversification do not inspire enormous confidence, and it now faces quite a public relations task to gain the support of its own shareholders.

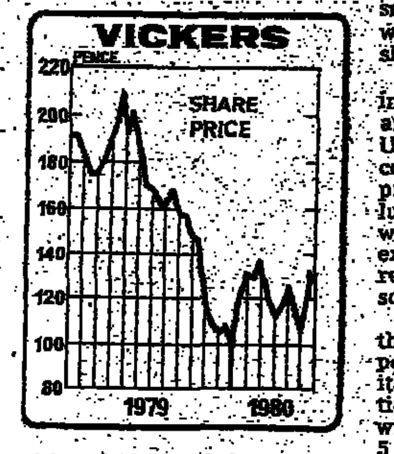
Wilson report

The Wilson report is like a very large curate's egg. Some of the good bits have been chewed over elsewhere in this paper. There are some sickly portions, too, one of which concerns the regulation of the securities industry. The Committee has decided that the present balance between statutory and non-statutory requirements is more or less right. But it goes on to say that the Council for the Securities Industry should be given a much stronger mandate over, in particular, the Stock Exchange, as well as an executive staff. It also says there is a need for a new super authority, responsible to Parliament, which would look for gaps in the regulatory system.

The trouble is that even in its present form the CSI has given every appearance of a body which was formed with no positive object in view, and which has ever since been scrabbling around for things to do. The mind boggles at what it would get up to if it actually had an executive. It would need to be given an executive job, which would mean taking on some of the functions currently undertaken by its members—such as the quotations department. But Wilson does not suggestion any reasons for such a move.

The proper job of the CSI is to vet the performance of its members, and howl in public if they fail to perform. If, as Wilson argues, there is no need for a new statutory body to oversee the City, then by the same token there is no reason to impose new levels of bureaucracy at increasingly distant removes from the market place.

Index rose 3.2 to 465.9



Trusthouse Forte

Trusthouse Forte's exciting six-year surge came to an end in the first half, pre-tax profits being almost unchanged at £19.3m. For all the U.S. expansion and the UK provincial hotels and catering, THF, like Grand Metropolitan, which has also reported flat first half profits in hotels and catering, needs foreign tourists in London. The occupancy rate in THF's London hotels dropped 6 per cent in the first half. The outlook for the second half, normally stronger with summer visitors, seems slightly better.

UK hotel prices were raised in March and advance bookings are a little stronger. In the U.S., Travelodge is expected to continue to turn in satisfactory profits and the three New York luxury hotels are doing very well. But the sterling-dollar exchange rate makes their results look dull in comparison to last year.

The group is spending £52m this year to refurbish its properties but expects to maintain its enviably strong cash position. Full year profit probably will not gain much more than 5 per cent, perhaps reaching £72m. That would mean the shares, at 197p, down 3p yesterday, are trading at a respectful 11.4 times prospective fully taxed earnings. If the final dividend is raised 12.5 per cent as at the interim, the prospective yield is just over 6.5 per cent.

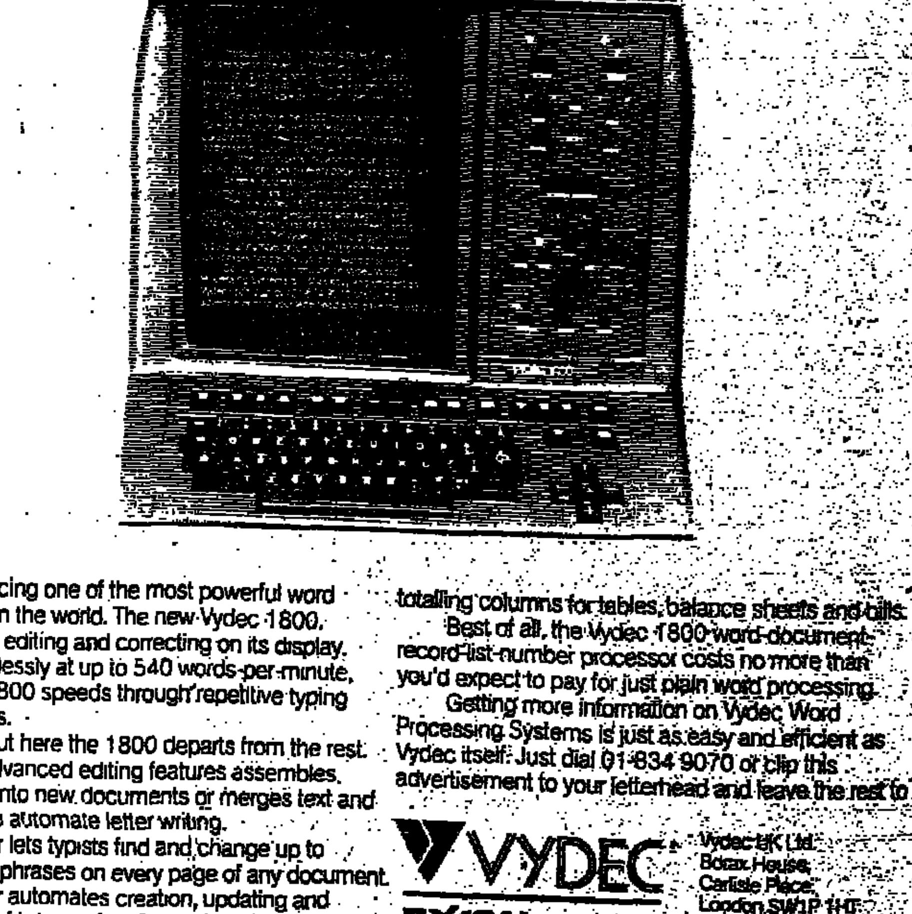
FFI

Undaunted by the recession, entrepreneurs are still queuing up for start-up funds at ICFC, Finance for Industry's vehicle for investing in small companies. Advances grew by over 50 per cent to £105m last year, despite intensifying competition from other venture capital specialists. In at least one area, the recession may have generated more business for ICFC. Large companies are selling off peripheral businesses to their managers, who look to ICFC for funds.

ICFC says there is not yet a significant failure rate among its investments and appears fairly optimistic about the coming year—an impression borne out by other venture capital specialists. At the other end of the scale, Finance Corporation for Industry is finding little demand for funds from larger companies. This is partly because it lends at fixed interest rates, and the general expectation is that rates will fall. Equity Capital for Industry, which puts equity into larger companies, probably looks more attractive to highly geared but cash-hungry companies.

Charter Consolidated

The calculation given here yesterday of the potential value to Charter Consolidated, per share, of a BP takeover of Selection Trust was regrettably wrong by a factor of 2. Such an offer would be worth around 100p a share.



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